Budget Address

SASKATCHEWAN

March, 1989

The Hon. J. Gary Lane, Q.C.
Minister of Finance

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Honourable J. Gary Lane, Q.C.
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Mr. Speaker:

I rise to present the third Budget of this Progressive Conservative administration.

In 1986 and 1987, an increasingly volatile world economy threatened Saskatchewan's economic and financial well-being. International prices for the Province's major commodities fell sharply, resulting in a serious revenue shortfall along with increased demand for government services. The change in economic conditions was both sudden and profound.

Mr. Speaker, we responded quickly and decisively.

The four-year Economic and Financial Plan we implemented in 1987 has strengthened our fiscal position. More importantly, it has given us the flexibility to fulfill our commitments:

- to protect and enhance essential programs for health, education, the family and the family farm; and,
- to develop and diversify the economy.

This Budget builds on the Plan and positions Saskatchewan for the future.

Today, I will announce innovative measures to advance and strengthen essential services. Mr. Speaker, we will continue to ensure that Saskatchewan's health, education and family programs remain Canada's finest through the 1990s and beyond.

I will also announce new initiatives to help our rural and urban communities and businesses to take advantage of expanded opportunities at home and abroad, generating jobs and prosperity.

Saskatchewan in the World Economy

The world economic outlook for the 1990s is not without risk. Large international debt loads and persistently high national deficits are among the factors that could slow or even halt the economic expansion the world enjoys today.

The recent rise of interest rates is particularly worrisome for economies such as Saskatchewan's. The Premier has brought this issue to national attention and we will work with other governments to attempt to resolve it.

This Government will continue to offer protection from high interest rates through initiatives such as the Mortgage Protection Plan, which holds mortgage rates to 9.75 per cent, assistance programs for students, interest-free livestock cash advances and low-interest loans provided by the Agricultural Credit Corporation of Saskatchewan.

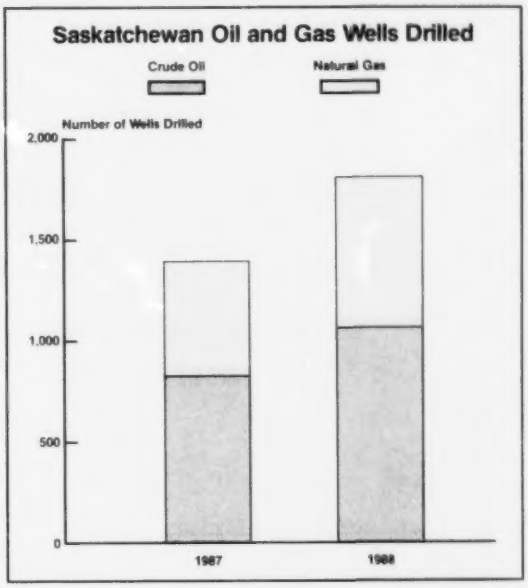
Despite specific concerns, total output and business investment are expanding steadily in many countries, including Canada. World trade is growing rapidly and this brings opportunity and prosperity. Saskatchewan has benefited greatly from this expansion. Today, one in four jobs in the Province depends on trade.

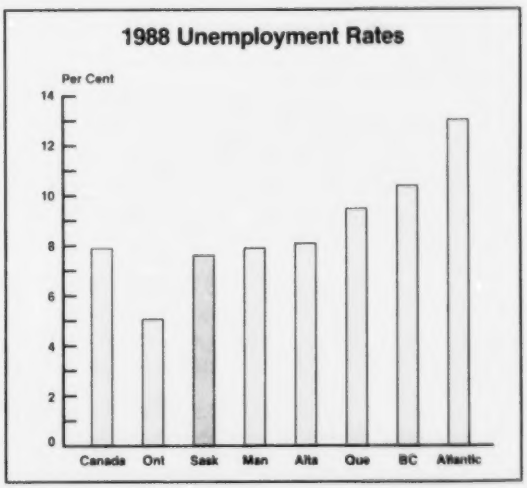
The Canada-United States Free Trade Agreement increases Saskatchewan's prospects for economic growth over the coming decades. It will strengthen our economy by increasing investment, by encouraging our industries to become even more competitive and by creating jobs. This Government fully supports the Free Trade Agreement.

The Agreement also strengthens our bargaining position as we pursue the removal of trade barriers worldwide. The recent General Agreement on Tariffs and Trade discussions on agriculture demonstrate that international trade liberalization is a slow process. However, we believe these discussions will pay economic returns over the years. Accordingly, this Government will continue to participate actively in the multilateral trade negotiation process.

Last year, Saskatchewan's agricultural economy experienced the worst drought in nearly 30 years. The volume of crops harvested fell by 50 per cent and farm employment declined. Nevertheless, this Government's economic diversification initiatives lessened the drought's impact. In 1988:

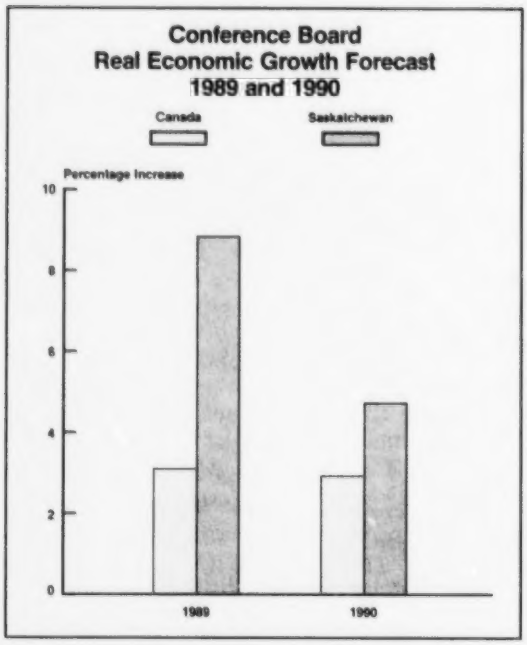
- Saskatchewan had Canada's second lowest unemployment rate;
- non-agricultural employment rose 3.0 per cent;
- the value of retail sales rose 4.8 per cent to $5.5 billion;
- oil and gas well drilling increased by 30 per cent; and,
- Saskatchewan became a net exporter of natural gas.





Our economic growth will accelerate in 1989 and we have every reason to be optimistic about the years ahead. Major Canadian

forecasters agree. **The Conference Board of Canada expects that, with a recovery in crop yields, Saskatchewan's economy will grow by 8.8 per cent this year, the fastest growth among the provinces.** The Board predicts that 11,000 jobs will be created in Saskatchewan. Data Resources of Canada also foresees 1989 Saskatchewan economic growth as the strongest in the country.



Responsible Government

Mr. Speaker, this Government has protected Saskatchewan people from adverse events beyond their control.

- When mortgage interest rates were in excess of 19 per cent, we introduced mortgage interest protection to ensure that families did not lose their homes.
- When escalating living costs eroded seniors' incomes, we increased the monthly seniors' income supplement for singles by 220 per cent, from $25 to $80, and for couples by 200 per cent, from $45 to $135. We also introduced the $40 million Senior Citizens' Heritage Program.
- When the 1987 stock market crash reduced the return on investments for teachers' pensions, we provided an additional $19 million to the Teachers' Superannuation Fund.
- When the farm debt crisis threatened farmers, we introduced The Farm Land Security Act to provide for the fair resolution of debt problems.

Last summer's drought caused many Saskatchewan farmers and communities severe distress. For example, the Maple Creek and Weyburn areas received under 60 per cent of normal rainfall and crop production fell accordingly.

Mr. Speaker, this Government responded quickly and decisively.

We made it a priority to ensure that the $450 million in Canada-Saskatchewan Crop Insurance claims were processed promptly. We initiated the $25 million Greenfeed Program and the $39 million Livestock Drought Assistance Program to ease farmers' financial burdens and to protect rural communities. As well, the Saskatchewan Water Corporation provided almost $9 million last year to increase water supplies.

The extremely dry conditions also threatened our northern forests. Again, we responded quickly and decisively. We protected northern communities and forests from a record number of fires, at a cost of over $32 million.

Despite these adversities, **we will meet our 1988-89 deficit target of $328 million. Mr. Speaker, this represents a 39 per cent reduction in the deficit from the previous year and a decrease of over 70 per cent since we implemented our Plan.**

Our strategy is a sensible one. By working with Saskatchewan people and managing wisely, we have protected and improved our social programs and pursued economic diversification throughout the Province.

We will continue on this course. In 1989-90, we will reduce the deficit significantly for the third year in a row. This gives us the flexibility to build for the future.

Building Saskatchewan Together

The 1990s hold great promise for Saskatchewan. We can expect more change in the next ten years than in the last one hundred. And, Mr. Speaker, change means challenges and opportunities.

Sound management gives us the flexibility to meet these challenges and to build on these opportunities. Sound management also means working with Saskatchewan people to build our Province and diversify our economy. Mr. Speaker, we have:

- increased the accessibility of government to the people it serves;
- enhanced community services; and,
- encouraged public and employee participation in Saskatchewan's economic development and diversification.

Accessibility brings convenience, more opportunities for consultation and a stronger rural economy. We have brought the Government closer to Saskatchewan people:

- by relocating government offices to Moose Jaw, Melville, Swift Current and Saskatoon;
- by placing Business Resource Centres around the Province to provide small business information and assistance; and,
- by opening Rural Service Centres to make agricultural and other government services more accessible to rural residents.

The enhancement of community services is succeeding through continued cooperation with educators, health care providers, municipalities and other groups and institutions.

Our partners provide first rate services. Their experience and expertise have enabled them to take on new responsibilities.

- The Saskatchewan Abilities Council now manages the Saskatchewan Aids to Independent Living Program.
- The Saskatchewan Association of Rehabilitation Centres has provided over 100 jobs for disabled persons in its container recycling depots.
- The Indian Bands of the Meadow Lake Tribal Council have agreed to deliver child and family services on the reserve.

Saskatchewan people have a tradition of working together toward common goals. Public and employee participation builds on this tradition by giving individuals a direct stake in the economic future of our Province.

This is demonstrated by:

- over 42,000 Saskatchewan residents investing $295 million in the last SaskPower savings bond issue;
- over 33,000 residents investing more than $100 million in the recent SaskTel TeleBond issue;
- employees taking ownership in former government enterprises such as the Meadow Lake sawmill, the Saskatchewan Government Printing Company, now known as Printco Graphics Inc., and the SaskTel directory operations, to be known as DirectWEST Publishers Ltd.; and,
- over 90 per cent of Westbridge Computer Corporation employees purchasing shares in last year's equity offering.

To further encourage employees to invest in Saskatchewan business, we initiated the Labour-sponsored Venture Capital Program.

DirectWEST employees will be the first to participate in this Program. In addition, applications have been received from Printco Graphics and the Canadian Federation of Labour's Working Ventures.

We will encourage further participation in Crown corporations through public share offerings in the Potash Corporation of Saskatchewan, SaskEnergy and the general insurance business of SGI.

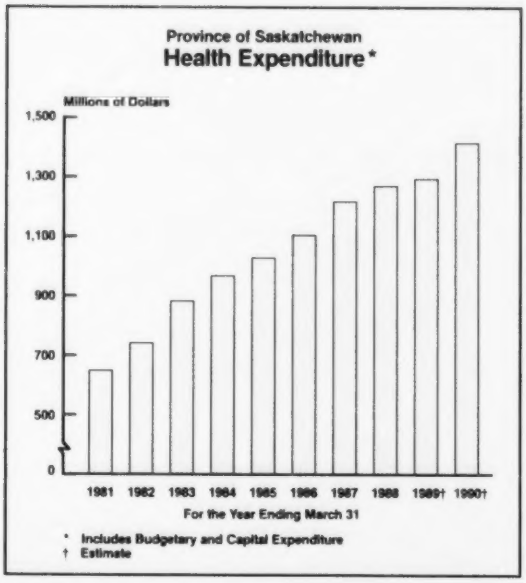
This Government believes that accessibility, cooperation and public and employee participation are the best ways to build and diversify this Province.

Health Care

Mr. Speaker, health care remains our number one priority. The people of Saskatchewan enjoy Canada's finest health care system and we will ensure that this continues.

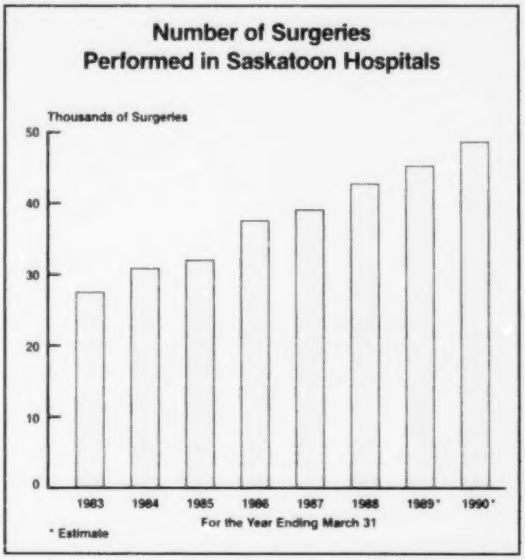
By working closely with the public and with health care providers, we have improved services through measures such as the recent introduction of the plastic health card. We have built an impressive record of upgrading, replacing, constructing and staffing health care facilities throughout the Province. This Budget reaffirms our commitment.

We will increase health care funding by over $130 million in 1989-90, up 11 per cent from last year. We will dedicate nearly $1.4 billion to health care, or almost $1,400 for every person in Saskatchewan.



The need to replace and upgrade health care facilities had been sadly neglected before we came to office. **We have reversed that trend.**

This year, we are providing over $64 million for the construction and renovation of hospitals and special care facilities across Saskatchewan.



In many provinces, waiting times for surgery are lengthy. In Saskatchewan, we are making substantial progress in increasing the accessibility of elective surgery, especially in Saskatoon where demand is high. The number of surgeries performed annually in that City has risen 64 per cent since 1982, from 27,400 to 45,000. This includes operations performed in the new day surgery facilities we built and fund.

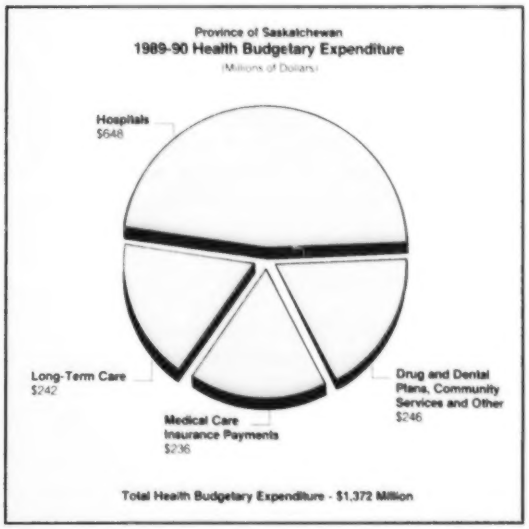
Capacity for surgeries will be further increased in Saskatoon this year and **this Budget allocates an additional $1.5 million to purchase high-cost supplies and increase surgical staffing.** Together with health care providers, we are also exploring the development of a province-wide information and referral system to reduce waiting times even further.

Our health care system relies upon the excellence of its professional and support staff. We will continue to ensure that Saskatchewan attracts and retains the highest quality health care providers in Canada. **This Budget includes $646 million for nursing and health care support staff salaries, including funding for an additional 370 nursing positions.**

All individuals have a vested interest in maintaining a healthy lifestyle. The Government introduced the "Everyone Wins" program to raise awareness of how to maintain good health and will expand its efforts in this area. We want to help people detect health problems early. **This year, we will initiate a breast cancer screening pilot project to help women in the high risk age group in the fight against the leading cause of death from cancer among Canadian women.**

Substance abuse poses a threat to health and family relationships. Last year, we increased support for the Saskatchewan Alcohol and Drug Abuse Commission, the Whitespruce Centre for youth and the Calder Centre for adult treatment. **This year, we are providing $1.0 million for a major new education, outreach and enforcement initiative to prevent alcohol and drug abuse by young people.**

Mr. Speaker, the details of our health care initiatives, along with those for education and families, and other important areas, are presented in a document entitled **Challenges and Opportunities**, which I am pleased to table with this Budget.



Saskatchewan people recognize the need to pay for the health care innovations we are introducing.

- Effective midnight tonight, the Tobacco Tax will rise by one cent per cigarette, with similar increases for other tobacco products.
- Prices of alcoholic beverages will increase to generate an additional $5.0 million annually.
- Effective midnight tonight, the rebatable fuel tax will increase by three cents per litre on gasoline and diesel fuels. The Fuel Tax Rebate Program, which provides benefits to 280,000 families, will apply to this increase.
- Effective July 1, a new Hospitals Tax will apply to gaming activities including lotteries, casinos and bingos. The monies raised from this tax will be dedicated to hospitals.

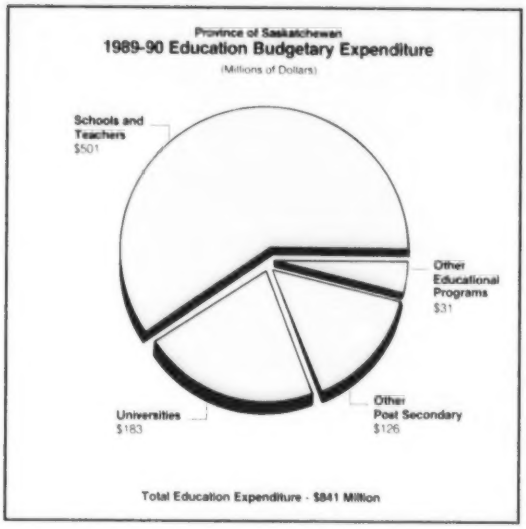
Mr. Speaker, these four measures do not cover this year's increase in health care funding. They will raise only 79 per cent of the over $130 million in new expenditures on health care.

To address the future of health care, we established the Saskatchewan Commission on Directions in Health Care. The Commission's final report, expected later this year, will help us to set priorities to meet the challenges of the future.

Education

Quality education is an investment in our future. The dollars spent today on basic and advanced education will pay generous returns in economic progress and improvements to our quality of life.

We will spend over $841 million this year, an increase of $52 million from 1988-89, to see that Saskatchewan people have access to quality opportunities to learn.



This Government is committed to ensuring that all students acquire a solid foundation to prepare them for a lifetime of learning. **We are demonstrating our commitment by:**

- **increasing school division operating grants by $13 million to almost $350 million, or $1,700 per student;**
- **providing $31 million for the construction and renovation of schools;**
- **allocating $14.5 million from the Education Development Fund for special program improvements, such as computer technology and resource materials; and,**
- **contributing $4.0 million in new initiatives to implement education reform, including the expansion of programs to teach students basic skills.**

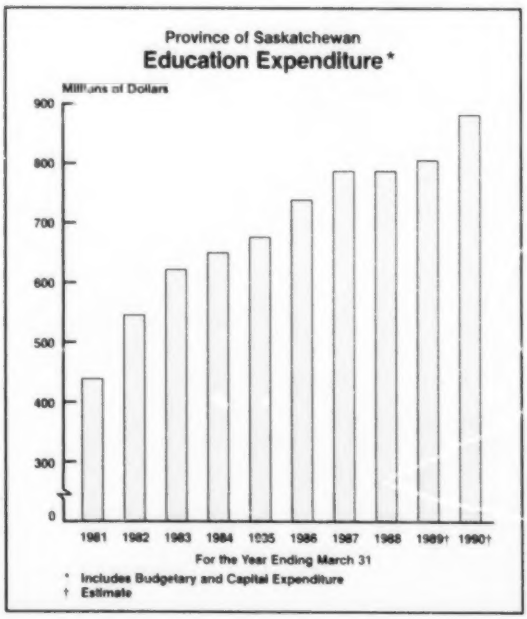
Saskatchewan can be proud of its system of higher education. Our two universities, nine regional colleges and the Saskatchewan Institute of Applied Science and Technology do an excellent job of fulfilling the diverse needs of our student population. **In this Budget, the universities, SIAST and the regional college system will receive $225 million in operational funding. In addition, up to $10 million will be allocated from a new University and Institute Enhancement Fund for the universities and SIAST.**

The University of Saskatchewan's Issues and Options Accessibility Task Force has expressed the view that:

> *"Increased accessibility to a university education need not necessarily be provided on the campus of the University of Saskatchewan itself. It might come through extension teaching and distance education technology, ... regional colleges, and technical institutes."*

Mr. Speaker, we agree.

Our regional college system ensures access to quality educational opportunities in rural and northern Saskatchewan. To build on these opportunities, the colleges and universities will be asked to develop a coordinated first and second year Arts and Science program. Through this program, more students will be able to study in their home communities for the first two years of their post-secondary education.



An extra effort must be made to accommodate individuals, such as single parents, who have had difficulty obtaining access to educational opportunities in the past. Our Student Assistance Program gives special recognition to the needs of these students.

Mr. Speaker, this Government's Welfare Reform initiative provides social assistance recipients with the skills training to acquire meaningful work, making it easier for them to regain independence.

Since we began Welfare Reform in 1984, over 17,000 individuals have received classroom and on-the-job training. In addition, the innovative work project initiated with PAR Industries of Prince Albert has trained hundreds of individuals in forestry jobs. **This year, the New Careers Corporation will invest $5.6 million, an increase of more than 50 per cent, in training projects across Saskatchewan,** including the construction and improvement of provincial park facilities. These projects will provide valuable job experience for 280 welfare recipients.

New technology also plays an important role in achieving access to quality education.

- The innovative Saskatchewan Communications Advanced Network (SCAN) will bring "electronic classrooms" to students throughout Saskatchewan, as well as provide information to farmers, consumers, businesses and homemakers. Broadcasting is scheduled to begin in 1990.
- To further our efforts to increase literacy in Saskatchewan, we are opening computer-assisted literacy centres in a joint venture with IBM Canada Ltd. The centres are using computers to teach teenagers and adults basic reading and writing skills.

These initiatives reflect our determination to ensure access to quality education for the benefit of all Saskatchewan residents.

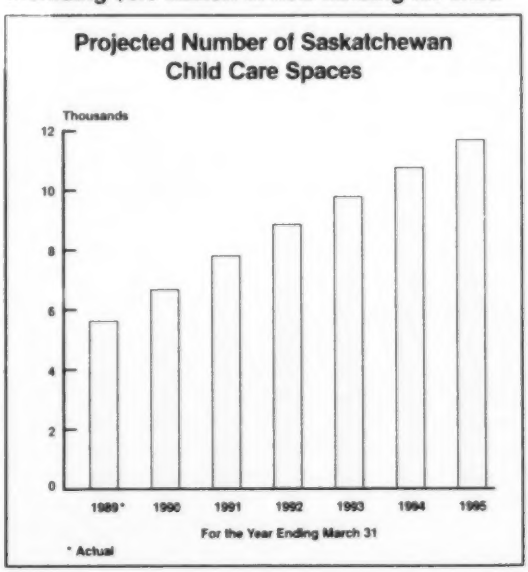
Families

Mr. Speaker, families do matter in Saskatchewan. This Government has consistently supported families through measures such as:

- Education and Health Tax exemptions for clothing, utilities and other essentials;
- mortgage interest rate protection for more than 44,000 homeowners;
- the Home Improvement Program, assisting over 150,000 families with home improvements and renovations; and,
- the Saskatchewan Pension Plan, contributing to retirement security for 47,000 members, of whom 80 per cent are women and 40 per cent are homemakers.

To further protect Saskatchewan workers, we will implement pension reform legislation to increase eligibility and to improve survivor benefits and portability. In addition, **most public service superannuates will receive a pension cost-of-living adjustment, effective April 1989.**

Mr. Speaker, our children require quality care. I **am pleased to announce that we are allocating $16 million for the first year of our comprehensive Child Care Development Plan,** including **$3.0 million in new funding for child**



care. The Plan will double the number of day care spaces in the Province to almost 12,000 by 1995. In recognition of the requirements of rural parents, 2,000 of these spaces will be located in rural Saskatchewan.

Foster parents play a special role in Saskatchewan. Last year, we introduced Canada's first foster parent training program. This program improves the skills of foster parents to meet the needs of children, particularly those children who have been difficult to place. For the second year in a row, we will increase payments to foster parents.

In the past, many people who were legally obliged to make maintenance and child support payments failed to live up to this responsibility. In 1986, we introduced the Automatic Enforcement of Maintenance Orders Program to address this problem. The Program has helped more than 5,500 individuals, mainly single parents, to receive regular maintenance and child support payments. This Budget strengthens the capacity to pursue these payments and assist single parents to gain financial independence.

This Government recognizes the potential of many disabled individuals to participate actively in their communities. Community living has allowed the mentally disabled to become more independent. Over 180 residents of provincial institutions have moved into community settings and this opportunity will be extended to 80 additional institutional residents this year.

Our Welfare Reform initiatives have helped members of many disadvantaged families to find long-term employment. Welfare Reform is a prudent and proven program and is of good value to the taxpayer. While maintaining and enhancing support for those in need, welfare costs have been nearly $90 million lower than they would have been under the system in place when we came to office in 1982. **Clearly, Welfare Reform is working.**

The farm family is integral to the social fabric of Saskatchewan and is the economic base for most of Saskatchewan's communities. Farm families face unique pressures and problems. This Government's support for agriculture has eased the financial difficulties.

This year, additional funding will be available to the Centre for Agricultural Medicine in Saskatoon for the study of farm-related illnesses, including those brought on by farm chemicals and grain dust. These efforts will improve the health of our farm families.

Mr. Speaker, families in Saskatchewan do matter.

Building Our Communities

This Government has worked with local people to develop economic opportunities while enhancing the quality of community life.

Cultural and recreational facilities are an important part of community life. Since 1983, we have funded the construction and renovation of almost 2,000 such facilities across the Province. **This year, we will introduce a $33 million, six-year cultural and recreational facilities grant program for Saskatchewan municipalities.**

In addition, I am pleased to announce the introduction of a $100 million, six-year Municipal Capital Program. This Budget provides nearly $17 million for the first year. This is Saskatchewan's first capital grant program to address the needs of rural municipalities and it will assist all urban and rural communities, regardless of size, to build the facilities required to provide a high quality of life. The Program will give a high priority to water and sewer projects.

Together, these initiatives will provide over $130 million to our communities over six years. They demonstrate this Government's continued support for local communities.

Mr. Speaker, the Municipal Financing Corporation of Saskatchewan plays an important role in the financing of school, hospital and other municipal construction and local improvement projects throughout the Province. The Corporation purchases up to 50 per cent of municipal debentures approved for sale by the Saskatchewan Municipal Board.

During 1988, 56 projects were assisted by the purchase of nearly $27 million of municipal debentures.

To complement the new capital grant Program, **I am pleased to announce that urban and rural municipalities will now be able to obtain up to 100 per cent of their capital financing requirements for water and sewer projects from the Municipal Financing Corporation.** To further assist municipalities, we will encourage the Saskatchewan Municipal Board to approve the financing of water and sewer projects over longer terms.

Rural and small urban municipalities are now involved in this Government's Rural Development Corporation and Community Economic Development programs. Our new Rural Service Centres will also help foster community economic development by providing convenient access to timely business and economic information. This year, the Rural Service Network will expand to 52 communities across the Province.

Some of our northern communities have required special assistance to diversify and enhance their quality of life. In addition to including northern municipalities in the new cultural and recreational facilities grant program, this Budget continues support to northern economic development programs. **This year, the first $1.2 million of a $13 million, ten-year commitment will be provided for development projects at Cumberland House.** At the request of the community, the New Careers Corporation will assist with locally identified construction projects.

This Government has helped urban, rural and northern people to implement innovative measures to enhance their economic opportunities, to create jobs and to ensure that our communities are vibrant and attractive places to live.

Protecting Our Environment

Environmental protection is a prerequisite for a high quality of community life. **This Budget allocates over $22 million to preserve and enhance our environment** and includes funding to:

- implement a program to collect and dispose of hazardous agricultural chemicals;
- safely centralize PCBs in the Boundary Dam storage facility; and,
- develop a comprehensive hazardous waste handling and disposal system for the Province, in consultation with industry, other interested groups and Saskatchewan people.

To ensure safe drinking water, we will introduce a water quality management system. We will improve monitoring and control of industrial wastewater and establish standards for water basin quality.

Soil conservation is a serious concern to the people of this Province. The soil conservation initiatives we have implemented have helped to protect the viability of Saskatchewan agriculture.

Many groups have also recognized the importance of soil conservation and requested Government's assistance in preserving our soils. For example, the United Church of Canada suggested that the Saskatchewan Government should develop long-term soil conservation policies.

Mr. Speaker, this Budget provides funds for a three-year, $54 million Soil Conservation Agreement with the federal government. The Field Shelterbelt Planting Program, the Permanent Cover Program and the Marginal Land Use Adjustment Program will be initiated under this Agreement.

This Budget furthers our commitment to renew Saskatchewan's forests. We are providing more than $5 million to continue the five-year, 50 million seedling reforestation program begun in 1988.

People and industry must help in our effort to preserve the natural environment for future generations. Accordingly, we will:

- increase the fines levied under existing provincial environmental statutes;
- introduce legislation to protect the ozone layer; and,
- introduce legislation to allow for an Environment Tax on environmentally harmful products.

As the first initiative under the Environment Tax, effective midnight tonight, purchases of leaded fuel in the Province will be subject to a two cents per litre non-rebatable environmental surcharge. This measure recognizes the contribution of users of unleaded fuel to environmental protection and will reduce the use of leaded fuel before its sale terminates in December 1990.

Mr. Speaker, these environmental measures will enhance our quality of life as they support sustainable economic growth.

Building and Diversifying Our Economy

The future of our social programs depends on continued economic growth and diversification. We must work together to diversify our economy and create jobs. We must look to the future and build on our strengths.

Agriculture

Agriculture remains Saskatchewan's most important industry. It is the foundation of our economy and we have protected this foundation.

- The Production Loan Program has provided $1.1 billion in low interest loans and offered extended repayments where needed.
- The Farm Land Security Board has established a process of fair and equitable mediation for farmers experiencing financial difficulty.
- The Counselling and Assistance for Farmers Program has guaranteed over $166 million in farm loans.
- Canada-Saskatchewan Crop Insurance payments and other special drought assistance amounted to over $500 million in 1988.

The federal Canadian Crop Drought Assistance Program will complement provincial drought initiatives by providing over $400 million to our farmers.

Mr. Speaker, we will continue to pursue long-term solutions to the problem of farm debt. We will provide financing initiatives to assist farmers and to encourage young men and women to choose farming as a career. The mandate of the Agricultural Credit Corporation will be extended to include:

- debt refinancing for viable farm operations;
- financing for the home quarter and necessary farm-related facilities; and,
- long-term financing to cover the first year's start-up costs.

The restrictions on off-farm income will be removed to eliminate any disadvantage to farmers with off-farm employment.

Through the Agricultural Credit Corporation, we will also initiate a Vendor Mortgage Guarantee Program to provide financial security for retiring farmers and to encourage them to help young farmers acquire farmland. **By guaranteeing mortgages to beginning farmers, the Program will remove the risks associated with the sale of land.**

We will establish a voluntary farm equity financing pilot project. Through a new agricultural company, Saskatchewan investors will be offered the opportunity to participate in the farm sector.

Mr. Speaker, these new initiatives will help position farmers for the challenges and opportunities of the future.

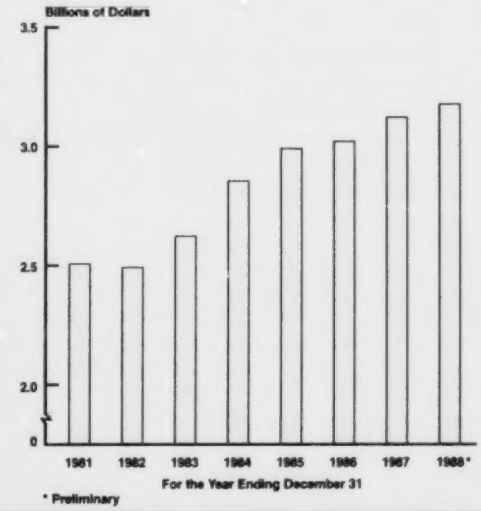
Agricultural diversification will place Saskatchewan farmers on the forefront of industry advancement. **This Budget provides over $29 million from the Agriculture Development Fund, including:**

- **$21.7 million for agricultural research and development; and,**
- **$7.6 million for irrigation grants to farmers, agricultural biotechnology and food processing and commercialization.**

Manufacturing and Processing

Saskatchewan's manufacturing and processing industries have made major gains in recent years and generate significant economic activity in all regions of the Province. **In 1988, new capital investment in this sector totalled over $550 million.** Manufacturing employment rose 17 per cent, or by 4,000 jobs, and in 1988 the value of factory shipments for most product categories reached a record level.

Saskatchewan Manufacturing Shipments



Through our support to trade and diversification, we have stimulated the growth of many manufacturing and processing firms throughout Saskatchewan.

- Intercontinental Packers of Saskatoon has created over 200 jobs since it modernized its hog processing facilities. This year, the company will double its beef processing capacity, creating 140 new jobs. The company is taking advantage of opportunities in the United States market and is pursuing additional business in the Asia-Pacific area.
- Canada Packers has announced its intention to double the slaughtering capacity at its Moose Jaw plant, providing 36 new jobs.
- The $745 million Regina NewGrade/Co-op heavy oil upgrader is now in production and has created 125 new jobs.
- When completed in 1992, the $1.2 billion Husky upgrader at Lloydminster will produce 46,000 barrels of light oil per day and employ 165 Saskatchewan workers.
- The $250 million Weyerhaeuser fine paper mill at Prince Albert began production last year and now employs 170 persons. This year, the company will undertake a $21 million expansion to produce finished, cut paper.
- Millar Western Industries has announced that it will construct a $235 million pulp mill at Meadow Lake. Employment at the mill will total 110 persons.
- Last year's merger of a federal and a provincial Crown corporation to form Cameco, the Canadian Mining and Energy Corporation, created the world's largest uranium mining and processing company. Cameco has its headquarters in Saskatoon.

These and other major projects across Saskatchewan have provided thousands of new construction jobs and millions of dollars of business to Saskatchewan suppliers. For example, Saskatoon Chemicals Ltd. is undertaking a $25 million expansion to increase supply of a key ingredient for pulp and paper production.

To assist in the development of local business, this Government established the Buy Saskatchewan Agency in 1987. The Agency has encouraged hospitals, school boards, local governments and businesses to seek Saskatchewan suppliers. It has also encouraged local people to supply the needs of these groups. **The Buy Saskatchewan Agency has helped Saskatchewan firms to secure more than $140 million in contracts and has played an important role in the development of over 50 new product lines in the Province.**

The Canada-United States Free Trade Agreement will accelerate business activity in the 1990s, as Saskatchewan gains increased access to the world's largest market. We will implement programs to assist Saskatchewan firms to take advantage of new trade opportunities.

Mr. Speaker, to raise new capital for Saskatchewan's manufacturing and processing industries, including exporters, we have established the Saskatchewan Government Growth Fund. It is expected that the Fund will make available up to $100 million in investment funds, with $36 million available in the first year. The Fund will help to finance economic opportunities throughout Saskatchewan.

Service Sector and Small Business Development

Mr. Speaker, service industries have been at the forefront of business growth in the 1980s. The 1990s hold even more promise.

This Government's initiatives have enhanced significantly the profile of Saskatchewan's service sector.

- The new Investment Corporation of Saskatchewan is one of Canada's ten largest institutional investment counselling firms, managing client assets of over $3.3 billion. The Corporation is helping to develop the financial services industry in this Province.
- Westbridge Computer Corporation is Western Canada's largest fully integrated computer company. The Corporation has over $6 million in new out-of-province contracts and has already created 50 new jobs.

Our assistance to the tourism industry has helped Saskatchewan to provide world-class tourist destinations for local residents and out-of-province visitors alike. Three private sector resorts opened in provincial parks in 1988, and facilities such as the Manitou Springs Mineral Spa in Manitou Beach, the Saskatchewan Trade and Convention Centre in Regina and Saskatoon's Saskatchewan Place are drawing visitors to all parts of the Province. Our continued cooperation with the private sector and other governments will ensure further development of Saskatchewan tourism.

This Government recognizes the importance to the Indian and native communities of economic development opportunities. Accordingly, we are increasing support for the Indian Economic Development and Native Business Development programs.

Small business is a major source of Saskatchewan's economic activity and job creation, and strong small businesses support healthy local economies. This Budget will enable our small business community to take advantage of emerging economic opportunities at home and abroad.

- **Saskatchewan's small businesses will benefit from $1.1 billion in provincial hospital, school, highway and road construction and other capital projects that will support 9,500 jobs.** Funding to improve our transportation network alone will total $121 million, 9.0 per cent above last year's level.
- We will restructure and expand SEDCO's programs to provide new, more flexible financing options to help small business cope with the difficulties posed by high interest rates and volatile cashflows. Lending services will include loans to small business and loan guarantees to business associations and Rural Development Corporations.
- We will improve our Economic Tax Credits to ensure that they are flexible enough to meet the business development requirements of the 1990s.

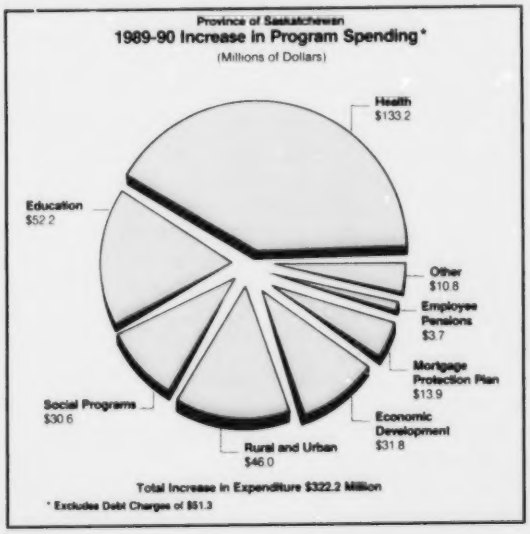
- We will continue to support the economic contribution of Saskatchewan co-operatives. The NewGrade/Co-op upgrader project and the success of Co-operators Data Services Limited, which performs the claims processing function for the Saskatchewan Prescription Drug Plan, illustrate the potential of co-operatives.

We recognize that local taxes have been a burden for many small businesses, especially given the unsettling effect of the drought on business conditions. **The $10 million Business Tax Assistance Program will provide needed business tax relief. Business taxes will drop by an average of 25 per cent as a result.**

Mr. Speaker, Saskatchewan's small businesses face many challenges. However, challenges bring opportunities and we will work with small businesses to realize these opportunities.

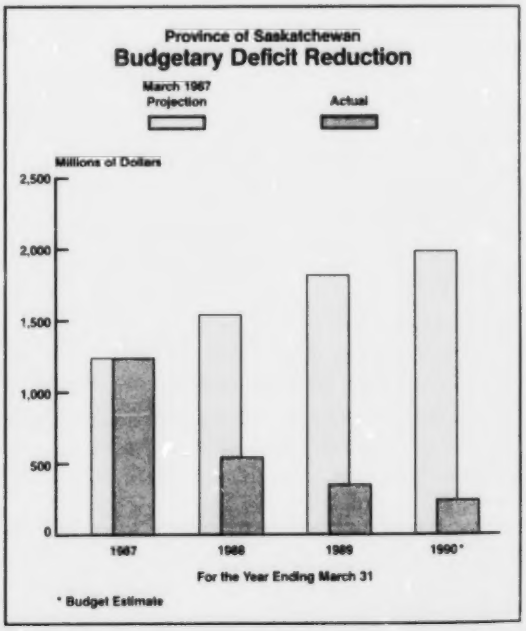
Fiscal Position

As I indicated earlier, our Economic and Financial Plan is working. **We responded rapidly to the drought and northern forest fires and we still achieved our deficit target of $328 million for the fiscal year ending March 31, 1989.**



In 1989-90, budgetary expenditure will total $4,309 million. Our expenditure plan is focussed on the priority areas of health, education, support of the family and the family farm, and economic diversification. The setting and maintaining of priorities result in the budgets for ten government departments and agencies being lower or remaining unchanged from 1988-89.

The 1989-90 budgetary revenue estimate is $4,083 million. Through the careful balance of priority spending and sensible revenue measures, **we will reduce the deficit, for the third consecutive year, to $226 million. This represents a drop of $102 million, or 31 per cent, from the 1988-89 deficit.**



Conclusion

Mr. Speaker, since coming to office in 1982, our Government has worked with the people of this Province to protect and improve the social programs Saskatchewan people cherish, to diversify and develop the provincial economy and to manage responsibly. The record speaks to our success.

The 1990s and the years beyond promise new challenges and new opportunities for all Saskatchewan people. Together, we must act boldly to meet these challenges and to seize these opportunities.

1989-90 Budget Summary

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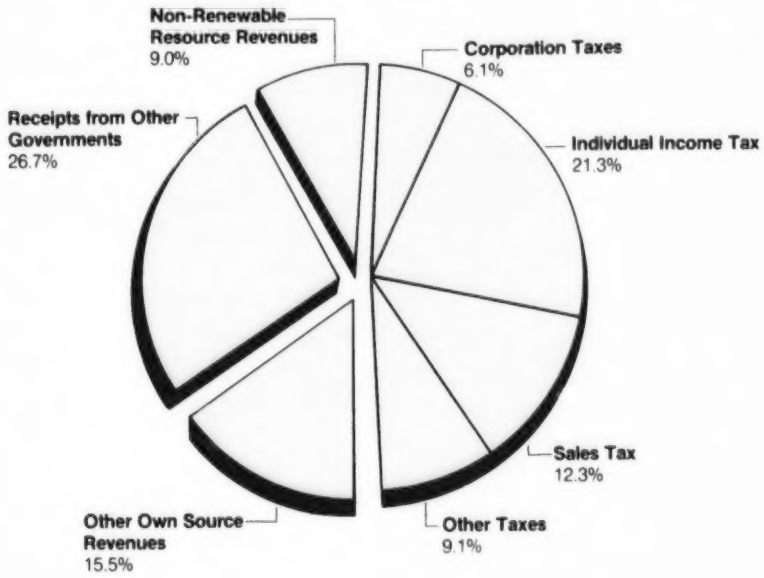
Province of Saskatchewan
Combined Funds
Statement of Financing and Changes in Financial Position
For the Year Ending March 31

	Estimated 1990	Estimated 1989	Actual 1988
		(Thousands of Dollars)	
Budgetary Transactions			
Revenue	$ **4,083,400**	$ 3,607,683	$ 3,295,798
Expenditure	**4,309,460**	3,935,896	3,838,245
Excess of Revenue over Expenditure	$ **(226,060)**	$ (328,213)	$ (542,447)
Loan, Investment and Deposit Activity (Non-Budgetary)			
Receipts	$ **562,559**	$ 519,763	$ 2,072,345
Disbursements	**830,857**	861,474	1,687,880
Excess of Receipts over Disbursements	$ **(268,298)**	$ (341,711)	$ 384,465
Net Cash (Requirement)	$ **(494,358)**	$ (669,924)	$ (157,982)
Financing			
Public Borrowing:			
Proceeds from Debt	$ **1,097,663**	$ 1,181,013	$ 1,536,479
Repayment of Debt	**721,551**	623,871	1,028,765
Increase in Public Borrowing	$ **376,112**	$ 557,142	$ 507,714
Decrease (Increase) in Current Assets	$ **118,246**	$ 112,782	$ (349,732)
Total Financing	$ **494,358**	$ 669,924	$ 157,982

Note: The Combined Funds represent a combination of the Consolidated Fund and the Saskatchewan Heritage Fund. Transactions between the Funds, such as the dividend from the Saskatchewan Heritage Fund to the Consolidated Fund, are eliminated to avoid double counting.

Province of Saskatchewan
Combined Funds
Estimated Budgetary Revenue

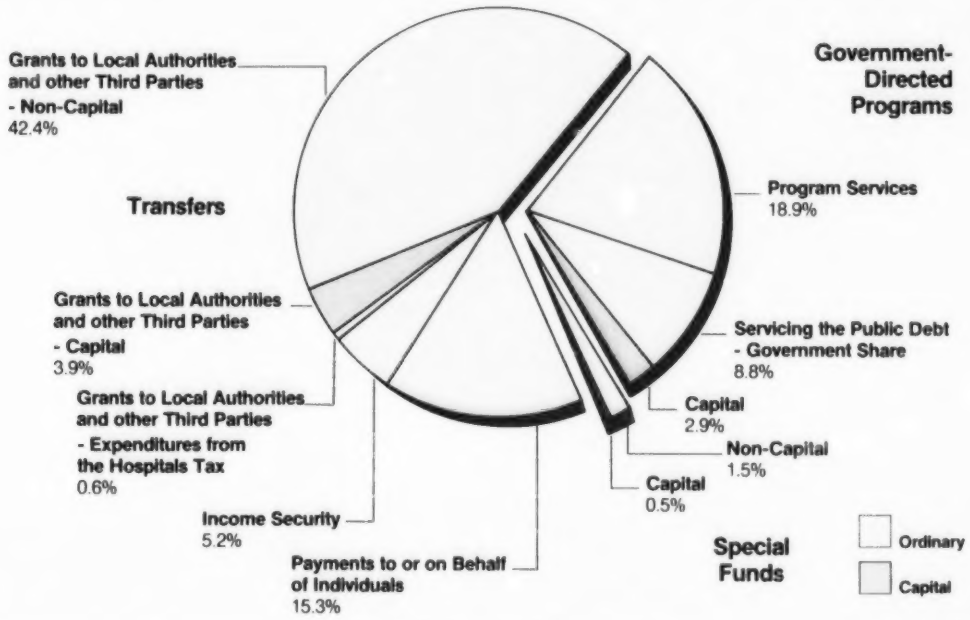
For the Year Ending March 31, 1990



	Amount	Percentage of Total Revenue
	(Thousands of Dollars)	
Provincial Taxes		
Corporation	$ 248,300	6.1%
Individual Income	869,000	21.3
Sales	502,600	12.3
Other Taxes	373,100	9.1
Total Provincial Taxes	$ 1,993,000	48.8%
Other Own Source Revenues	$ 631,900	15.5%
Receipts from Other Governments	$ 1,088,800	26.7%
Non-Renewable Resource Revenues	$ 369,700	9.0%
Total Estimated Budgetary Revenue	$ 4,083,400	100.0%

Province of Saskatchewan
Combined Funds
Estimated Budgetary Expenditure

For the Year Ending March 31, 1990


Grants to Local Authorities and other Third Parties - Non-Capital 42.4%
Transfers
Grants to Local Authorities and other Third Parties - Capital 3.9%
Grants to Local Authorities and other Third Parties - Expenditures from the Hospitals Tax 0.6%
Income Security 5.2%
Payments to or on Behalf of Individuals 15.3%
Government-Directed Programs
Program Services 18.9%
Servicing the Public Debt - Government Share 8.8%
Capital 2.9%
Non-Capital 1.5%
Capital 0.5%
Special Funds
Ordinary
Capital

		Amount	Percentage of Total Expenditure
		(Thousands of Dollars)	
Transfers			
Grants to Local Authorities and Other Third Parties:			
Capital	$	170,935	3.9%
Non-Capital		1,826,556	42.4
Expenditures from the Hospitals Tax		26,500	0.6
Income Security		223,568	5.2
Payments to or on Behalf of Individuals		656,915	15.3
Total Transfers	$	2,904,474	67.4%
Government-Directed Programs			
Capital	$	123,950	2.9%
Program Services		815,400	18.9
Servicing the Public Debt - Government Share		380,847	8.8
Total Government-Directed Programs	$	1,320,197	30.6%
Special Funds			
Capital	$	19,388	0.5%
Non-Capital		65,401	1.5
Total Special Funds	$	84,789	2.0%
Total Estimated Budgetary Expenditure	$	4,309,460	100.0%

1989-90 Budget Detail

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Province of Saskatchewan
Combined Funds
Statement of Financial Position
As at March 31

	Estimated 1990	Estimated 1989	Actual 1988
		(Thousands of Dollars)	
Assets			
Current Assets	$ 215,053	$ 333,299	$ 446,081
Loans to Crown Entities:			
Agricultural Credit Corporation of Saskatchewan	782,343	940,743	1,040,743
Crown Investments Corporation of Saskatchewan*	1,315,946	1,435,473	1,129,113
Municipal Financing Corporation of Saskatchewan	96,711	74,724	54,724
Saskatchewan Economic Development Corporation	116,147	79,947	57,647
Saskatchewan Grain Car Corporation	46,350	46,350	46,350
Saskatchewan Housing Corporation	317,304	317,304	317,304
Saskatchewan Mining Development Corporation*	---	---	364,060
Saskatchewan Power Corporation	2,535,466	2,388,373	2,298,607
Saskatchewan Property Management Corporation	630,686	467,436	340,836
Saskatchewan Telecommunications	805,616	812,716	758,716
Saskatchewan Water Corporation	146,087	79,537	5,037
Less Crown Corporation Equity in Sinking Funds	(457,761)	(440,864)	(444,541)
Less Loan Loss Provision	(68,946)	(68,946)	(68,946)
Other Loans	271,944	210,219	156,444
Investments in Crown Entities:			
Crown Investments Corporation of Saskatchewan**	944,812	884,812	187,559
Potash Corporation of Saskatchewan**	---	---	418,553
Saskatchewan Mining Development Corporation**	---	---	218,700
Investment in Agricultural Land and Related Assets	144,695	148,295	149,945
Other Investments	4,981	4,981	4,981
Total Assets	$ 7,847,434	$ 7,714,399	$ 7,481,913
Liabilities			
Promissory Notes	$ 1,174,593	$ 1,084,280	$ 1,199,380
Treasury Bills	650,000	650,000	650,000
Debentures	9,331,126	9,045,327	8,373,085
Gross Debt	$ 11,155,719	$ 10,779,607	$ 10,222,465***
Less Total Equity in Sinking Funds	(470,327)	(451,869)	(454,552)
Net Public Debt	$ 10,685,392	$ 10,327,738	$ 9,767,913
Amounts Due to Other Crown Entities	220,392	220,392	220,392
Other Liabilities	11,039	11,039	11,039
Total Liabilities	$ 10,916,823	$ 10,559,169	$ 9,999,344
Province's Equity (Net Debt)	$ (3,069,389)	$ (2,844,770)	$ (2,517,431)
Total Liabilities and Province's Equity (Net Debt)	$ 7,847,434	$ 7,714,399	$ 7,481,913

* Subsequent to March 31, 1988 the Saskatchewan Mining Development Corporation repaid its loans to the Government of Saskatchewan using funds provided by the Crown Investments Corporation. The Government of Saskatchewan provided loans to the Crown Investments Corporation for this purpose.

** Subsequent to March 31, 1988 the Potash Corporation of Saskatchewan and the Saskatchewan Mining Development Corporation repaid their equity advances to the Government of Saskatchewan using funds provided by the Crown Investments Corporation. The Government of Saskatchewan provided an equity advance to the Crown Investments Corporation for this purpose.

*** Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

Province of Saskatchewan
Combined Funds
Statement of Province's Equity (Net Debt)

For the Year Ending March 31

	Estimated 1990	Estimated 1989	Actual 1988
		(Thousands of Dollars)	
Total Budgetary Revenue	$ 4,083,400	$ 3,607,683	$ 3,295,798
Total Budgetary Expenditure	4,309,460	3,935,896	3,838,245
Excess of Budgetary Revenue over Budgetary Expenditure	$ (226,060)	$ (328,213)	$ (542,447)
Province's Equity (Net Debt), Beginning of Year	(2,844,770)	(2,517,431)	(1,965,187)
Equity Adjustments - Net	1,441	874	(9,797)
Province's Equity (Net Debt), End of Year	$ (3,069,389)	$ (2,844,770)	$ (2,517,431)

Province of Saskatchewan
Combined Funds
Statement of Budgetary Revenue

For the Year Ending March 31

	Estimated 1990	Estimated 1989	Actual 1988
		(Thousands of Dollars)	
Provincial Taxes			
Corporation Capital	$ 100,000	$ 90,800	$ 55,218
Corporation Income	148,300	133,900	123,726
Fuel	204,100	148,000	161,168
Individual Income	869,000	830,517	768,555
Sales	502,600	475,900	455,302
Tobacco	107,000	99,100	89,810
Hospitals Tax	26,500	3,000*	3,169*
Other Taxes	35,500	35,645	33,156
Total Provincial Taxes	$ 1,993,000	$ 1,816,862	$ 1,690,104
Receipts from Government Enterprises And Other Funds			
Crown Investments Corporation of Saskatchewan	$ 200,000	$ - - -	$ - - -
Saskatchewan Liquor Board	215,000	150,000	- - -
Other Receipts	4,900	5,575	5,905
Total Receipts from Government Enterprises and Other Funds	$ 419,900	$ 155,575	$ 5,905
Other Own Source Revenues			
Agricultural Lands Revenue	$ 16,100	$ 15,395	$ 20,681
Fines, Forfeits and Penalties	9,800	9,360	9,040
Interest, Premium, Discount and Exchange	26,300	19,182	25,407
Non-Renewable Resources			
- Coal	14,400	13,731	18,439
- Natural Gas	33,200	23,367	22,178
- Oil	173,600	311,372	347,261
- Potash	120,100	50,048	48,899
- Uranium	26,700	23,815	19,718
- Other	1,700	4,269	1,999
Privileges, Licences and Permits			
- Lands, Forests, Game, Fur and Fisheries	11,500	11,720	11,614
- Motor Vehicles	80,700	78,600	67,874
- Other	6,400	14,849*	14,310*
Sales, Services and Service Fees	43,200	46,548	45,928
Other Revenues	18,000	18,984	23,660
Total Other Own Source Revenues	$ 581,700	$ 641,240	$ 677,008
Receipts from Other Governments			
Canada Assistance Plan	$ 159,300	$ 153,967	$ 156,801
Economic Development Agreements**	800	1,265	728
Equalization Payments	440,000	360,000	302,675
Established Programs Financing	435,000	427,600	406,233
Statutory Subsidy	2,200	2,200	2,192
Other Federal-Provincial Programs	43,400	40,514	45,550
Other Receipts	8,100	8,460	8,602
Total Receipts from Other Governments	$ 1,088,800	$ 994,006	$ 922,781
Total Budgetary Revenue	$ 4,083,400	$ 3,607,683	$ 3,295,798

* These revenues have been restated to reflect a change of classification.

** This item includes receipts under The Agricultural and Rural Development Act, the Department of Regional Industrial Expansion, and the Economic and Regional Development Agreement.

Province of Saskatchewan
Combined Funds
Statement of Budgetary Expenditure
For the Year Ending March 31

	Estimated 1990	Estimated 1989 *	Actual 1988 *
		(Thousands of Dollars)	
Agriculture and Food	$ 147,095	$ 144,777	$ 144,528
Consumer and Commercial Affairs	4,882	4,882	5,032
Economic Development and Tourism	16,869	14,543	14,565
Economic Diversification and Investment Fund	40,989	27,842	19,536
Education	841,210	788,986	781,793
Energy and Mines	15,180	15,402	19,759
Environment and Public Safety	11,647	10,785	12,819
Executive Council	6,179	6,179	6,465
Finance	169,584	151,061	130,180
Finance - Servicing the Public Debt - Government Share	380,847	329,500	282,043
Health	1,372,063	1,238,869	1,183,829
Highways and Transportation	245,008	231,526	215,506
Human Resources, Labour and Employment	70,683	70,683	65,645
Indian and Native Affairs Secretariat	4,688	4,688	3,349
Justice	149,761	137,377	128,289
Legislation	13,423	10,323	11,057
New Careers Corporation	5,713	3,717	2,995
Parks, Recreation and Culture	91,807	84,262	104,792
Provincial Auditor	3,050	2,891	3,230
Provincial Secretary	8,058	3,506	2,823
Public Participation	3,774	3,842	729
Public Service Commission	11,208	10,366	9,829
Rural Development	78,872	73,384	74,846
Saskatchewan Crop Insurance Corporation	9,826	9,826	11,931
Saskatchewan Gaming Commission	933	622	441
Saskatchewan Housing Corporation	75,048	69,550	110,597
Saskatchewan Municipal Board	715	716	660
Saskatchewan Property Management Corporation	6,763	6,763	7,311
Saskatchewan Research Council	7,336	6,042	6,297
Saskatchewan Water Corporation	22,303	12,565	12,457
Science and Technology	1,983	1,983	2,443
Social Services	380,774	364,604	365,123
Department of Telephones	5,073	569	493
Trade and Investment	9,678	7,349	6,314
Urban Affairs	96,438	85,916	90,539
Total Budgetary Expenditure	$ 4,309,460	$ 3,935,896	$ 3,838,245
Nature of Expenditure:			
Ordinary	$ 3,995,187	$ 3,653,927	$ 3,585,171
Capital	314,273	281,969	253,074
Total Budgetary Expenditure	$ 4,309,460	$ 3,935,896	$ 3,838,245

* The Estimated 1989 and Actual 1988 expenditure amounts have been restated on a comparative basis to the expenditure structure for Estimated 1990.

Province of Saskatchewan
Combined Funds
Statement of Loan, Investment and Deposit Activity (Non-Budgetary)
For the Year Ending March 31

	Estimated 1990	Estimated 1989	Actual 1988
		(Thousands of Dollars)	
Receipts			
Loans			
Agricultural Credit Corporation of Saskatchewan	**$ 158,400**	$ 100,000	$ 623,100
Crown Investments Corporation of Saskatchewan	**295,527**	215,000	349,125
Municipal Financing Corporation of Saskatchewan	**28,013**	- - -	- - -
Potash Corporation of Saskatchewan	**- - -**	- - -	528,020
Saskatchewan Mining Development Corporation	**- - -**	50,000	229,766
Saskatchewan Power Corporation	**32,907**	110,234	29,752
Saskatchewan Property Management Corporation	**17,500**	15,100	- - -
Saskatchewan Telecommunications	**7,100**	5,000	772
Saskatchewan Water Corporation	**350**	3,000	9,839
Other	**500**	500	122,001
Total Loan Receipts	**$ 540,297**	$ 498,834	$ 1,892,375
Investments			
Recovery of Investment in Agricultural Land and Related Assets	**$ 4,500**	$ 2,250	$ 6,220
Other	**- - -**	- - -	1,889
Total Investment Receipts	**$ 4,500**	$ 2,250	$ 8,109
Deposits			
Conditional Receipts	**$ - - -**	$ - - -	$ 6,449
Crown Entities	**- - -**	- - -	128,213
Sinking Funds	**17,762**	18,679	18,837
Redemption of Sinking Funds	**- - -**	- - -	18,362
Total Deposit Receipts	**$ 17,762**	$ 18,679	$ 171,861
Total Receipts	**$ 562,559**	$ 519,763	$ 2,072,345

Province of Saskatchewan
Combined Funds
Statement of Loan, Investment and Deposit Activity (Non-Budgetary)

For the Year Ending March 31

	Estimated 1990	Estimated 1989	Actual 1988
		(Thousands of Dollars)	
Disbursements			
Loans			
Agricultural Credit Corporation of Saskatchewan	$ ---	$ ---	$ 400,000
Crown Investments Corporation of Saskatchewan	**176,000**	207,300	792,145
Municipal Financing Corporation of Saskatchewan	**50,000**	20,000	---
Saskatchewan Agricultural Returns Stabilization Fund	**15,350**	18,900	1,264
Saskatchewan Economic Development Corporation	**36,200**	22,300	7,000
Saskatchewan Mining Development Corporation	**---**	---	61,705
Saskatchewan Power Corporation	**180,000**	200,000	67,736
Saskatchewan Property Management Corporation	**180,750**	141,700	158,844
Saskatchewan Telecommunications	**---**	59,000	13,597
Saskatchewan Water Corporation	**66,900**	77,500	---
Other	**46,875**	35,375	87,802
Total Loan Disbursements	$ **752,075**	$ 782,075	$ 1,590,093
Investments			
Crown Investments Corporation of Saskatchewan	$ **60,000**	$ 60,000	$ 77,583
Investment in Agricultural Land and Related Assets	**900**	600	944
Total Investment Disbursements	$ **60,900**	$ 60,600	$ 78,527
Deposits			
Sinking Funds	$ **17,882**	$ 18,799	$ 19,260
Total Deposit Disbursements	$ **17,882**	$ 18,799	$ 19,260
Total Disbursements	$ **830,857**	$ 861,474	$ 1,687,880
Excess of Receipts Over Disbursements	$ **(268,298)**	$ (341,711)	$ 384,465

Province of Saskatchewan
Combined Funds
Statement of Total Debt

As at March 31

	Estimated 1990	Estimated 1989	Actual 1988*
		(Thousands of Dollars)	
Promissory Notes (for the purpose of)			
Crown Corporations**	$ 822,906	$ 840,406	$ 955,506
Government of Saskatchewan	351,687	243,874	243,874
Total Promissory Notes	$ 1,174,593	$ 1,084,280	$ 1,199,380
Treasury Bills (for the purpose of)			
Government of Saskatchewan	$ 650,000	$ 650,000	$ 650,000
Total Treasury Bills	$ 650,000	$ 650,000	$ 650,000
Debentures (for the purpose of)			
Crown Corporations**	$ 6,323,122	$ 6,155,569	$ 5,811,003
Government of Saskatchewan	2,815,551	2,696,805	2,368,629
Other - Federal/Municipal***	5,783	6,283	6,783
- University of Saskatchewan**	2,234	2,234	2,234
- Investment in Agricultural Land****	184,436	184,436	184,436
Total Debentures	$ 9,331,126	$ 9,045,327	$ 8,373,085
Gross Debt	$ 11,155,719	$ 10,779,607	$ 10,222,465
Less Equity in Sinking Funds (for the purpose of)			
Crown Corporations	$ 457,761	$ 440,864	$ 444,541
Government of Saskatchewan	11,344	9,940	9,073
Other - University of Saskatchewan	1,222	1,065	938
Total Equity in Sinking Funds	$ 470,327	$ 451,869	$ 454,552
Net Public Debt	$ 10,685,392	$ 10,327,738	$ 9,767,913
Guaranteed Debt	1,230,723	985,042	885,042
Total Debt	$ 11,916,115	$ 11,312,780	$ 10,652,955

* Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

** These enterprises are responsible for the repayment of principle and interest.

*** These obligations represent monies loaned to the Province by the federal government with the understanding that the monies would be re-loaned to Saskatchewan municipalities under identical conditions.

**** Recoverable from the sale of land held by the Agricultural Division of the Saskatchewan Heritage Fund.

Province of Saskatchewan
Combined Funds
Statement of Gross Debt by Allocation

As at March 31

	Estimated 1990	Estimated 1989	Actual 1988*
		(Thousands of Dollars)	
Reimbursable Debt			
Crown Corporations:**			
Agricultural Credit Corporation of Saskatchewan	$ 782,343	$ 940,743	$ 1,040,743
Agricultural Development Corporation of Saskatchewan	2,000	2,000	2,000
Crown Investments Corporation of Saskatchewan*****	1,626,352	1,745,879	1,433,519
Municipal Financing Corporation of Saskatchewan	124,911	102,924	82,924
Saskatchewan Economic Development Corporation	164,811	128,611	106,311
Saskatchewan Government Printing Company	2,100	2,100	2,100
Saskatchewan Housing Corporation	317,304	317,304	317,304
Saskatchewan Mining Development Corporation*****	---	---	370,060
Saskatchewan Power Corporation	2,533,018	2,385,925	2,296,159
Saskatchewan Property Management Corporation	630,686	467,436	340,836
Saskatchewan Telecommunications	805,616	812,716	758,716
Saskatchewan Water Corporation	156,887	90,337	15,837
Total Crown Corporations	$ 7,146,028	$ 6,995,975	$ 6,766,509
Other:			
Federal/Municipal***	$ 5,783	$ 6,283	$ 6,783
University of Saskatchewan**	2,234	2,234	2,234
Investment in Agricultural Land****	184,436	184,436	184,436
Total Other	$ 192,453	$ 192,953	$ 193,453
Total Reimbursable Debt	$ 7,338,481	$ 7,188,928	$ 6,959,962
Non-Reimbursable Debt			
Government of Saskatchewan	$ 3,817,238	$ 3,590,679	$ 3,262,503
Gross Debt	$ 11,155,719	$ 10,779,607	$ 10,222,465

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Province of Saskatchewan
Summary of Economic Indicators

	1984	1985	1986	1987	1988
Gross Domestic Product - Current Market Prices					
- Millions of Dollars	16,862	17,312	17,485	18,207	19,303
Annual Rate of Change - Per Cent	11.0	2.7	1.0	4.1	6.0
Per Capita - Dollars	16,854	17,168	17,309	17,956	19,093
Gross Domestic Product - Constant 1981 Dollars					
- Millions of Dollars	15,506	16,647	17,949	17,965	17,485
Annual Rate of Change - Per Cent	5.6	7.4	7.8	0.1	-2.7
Per Capita - Dollars	15,498	16,509	17,768	17,717	17,295
Personal Income					
- Millions of Dollars	12,942	14,342	15,732	16,076	16,845
Per Capita - Dollars	12,929	14,222	15,573	15,854	16,662
Farm Cash Receipts					
- Millions of Dollars	4,363	4,102	4,141	4,243	4,243
Value of Manufacturing Shipments					
- Millions of Dollars	2,851	2,983	3,017	3,127	3,172
Value of Retail Sales					
- Millions of Dollars	4,354	4,704	4,999	5,254	5,505
Value of Mineral Sales					
- Millions of Dollars	3,651	3,805	2,544	3,257	2,892
Private and Public Investment					
- Millions of Dollars	5,237	5,505	5,134	5,750	6,161
Housing Starts					
- Units	5,221	5,354	5,510	4,895	3,856
Consumer Price Index - Annual Percentage Change					
Regina	4.4	3.7	2.1	4.9	4.3
Saskatoon	3.5	3.5	4.1	4.9	4.5
Canada	4.4	4.0	4.1	4.4	4.1
Population and Labour Force - Thousands					
Population **	1,001	1,008	1,010	1,014	1,011
Labour Force ***	474	485	489	489	488
Employed Labour Force ***	436	446	452	453	451
Unemployed Labour Force ***	38	39	37	36	37
Unemployment Rate - Per Cent* **					
Saskatchewan	8.0	8.1	7.7	7.4	7.5
Canada	11.2	10.5	9.5	8.8	7.8

* Preliminary. 1988 Gross Domestic Product and Personal Income estimated by Conference Board of Canada.
** As of June 1.
*** Annual averages.

Sources: Saskatchewan Bureau of Statistics.
Saskatchewan Energy and Mines.
Statistics Canada.
Conference Board of Canada.

Personal Income, Saskatchewan

(Millions of Dollars)

	1984	1985	1986	1987	1988*
Wages, Salaries and Supplementary Labour Income**	7,146	7,510	7,937	8,266	8,616
Net Income Received by Farm Operators from Farm Production***	308	823	1,344	897	610
Net Income of Non-Farm Unincorporated Business	901	971	1,066	1,117	1,238
Interest, Dividends and Miscellaneous Investment Income	2,242	2,312	2,374	2,548	2,842
Current Transfers from Government, Corporations and Non-Residents	2,345	2,726	3,011	3,248	3,539
Total	12,942	14,342	15,732	16,076	16,845

* Preliminary.
** Includes military pay and allowances.
*** Includes adjustments to Gross Domestic Product basis.

Note: Calculated on the basis of Gross Domestic Product. Components may not add to totals due to rounding.

Sources: Saskatchewan Bureau of Statistics.
Conference Board of Canada.

Farm Cash Receipts, Saskatchewan

(Millions of Dollars)

	1984	1985	1986	1987	1988*
Wheat	2,427	1,682	1,626	1,520	1,613
Other Principal Grains**	1,024	1,536	1,491	1,365	1,083
Livestock***	624	586	609	683	745
Miscellaneous	258	253	285	260	307
Total	4,333	4,057	4,011	3,828	3,748
Supplementary Payments	30	45	130	415	495
Total Farm Cash Receipts	4,363	4,102	4,141	4,243	4,243

* Preliminary.
** Includes oats, barley, rye, rapeseed, CWB payments, cash advances, repayments, liquidation of deferred grain receipts, crop insurance payments and WGSA payments.
*** Includes cattle, calves, hogs, sheep and lambs.

Note: Components may not add to totals due to rounding.

Source: Statistics Canada.

Value of Manufacturing Shipments, Saskatchewan

(Millions of Dollars)

	1984	1985	1986	1987	1988*
Food and Beverages	996	1,009	1,037	1,115	1,156
Printing and Publishing	134	171	188	179	198
Metal Fabrication	97	96	96	88	96
Machinery	156	155	173	179	213
Non-Metallic Minerals	113	109	110	119	88
Chemicals and Chemical Products	141	168	186	186	224
Others	1,214	1,275	1,227	1,261	1,195
Total	2,851	2,983	3,017	3,127	3,172

* Preliminary.

Note: Components may not add to totals due to rounding.

Source: Statistics Canada.

Private and Public Investment, Saskatchewan

(Millions of Dollars)

	1984	1985	1986	1987	1988*
New Construction					
Primary Industries	753	982	504	533	712
Manufacturing	16	22	73	259	230
Utilities	322	384	430	341	444
Housing	685	692	692	953	952
Trade, Finance and Services	155	159	189	190	202
Institutions, Government	453	507	548	549	575
Total New Construction	2,384	2,746	2,436	2,825	3,115
New Machinery and Equipment					
Primary Industries	852	682	583	518	483
Manufacturing	75	84	122	249	321
Utilities	212	233	192	219	252
Trade, Finance and Services	294	252	299	371	297
Institutions, Government	99	98	141	130	135
Total New Machinery and Equipment	1,532	1,349	1,337	1,487	1,488
Total New Capital Expenditures	3,916	4,095	3,773	4,312	4,603
Repairs					
Expenditures on Construction	479	529	524	562	642
Expenditures on Machinery	842	881	837	876	916
Total Repairs	1,321	1,410	1,361	1,438	1,558
Total	5,237	5,505	5,134	5,750	6,161

* Preliminary.

Note: Components may not add to totals due to rounding.

Sources: Saskatchewan Bureau of Statistics.
Statistics Canada.

Value of Mineral Sales, Saskatchewan

(Millions of Dollars)

	1984	1985	1986	1987	1988*
Crude Oil	2,164	2,399	1,176	1,515	1,047
Potash	829	622	553	727	975
Uranium	354	456	457	638	446
Coal	98	86	83	105	110
Sodium Sulphate	34	30	30	22	23
Natural Gas	89	120	170	167	186
Others	83	92	75	83	105
Total	3,651	3,805	2,544	3,257	2,892

* Preliminary.

Note: Components may not add to totals due to rounding.

Sources: Saskatchewan Energy and Mines.
Saskatchewan Bureau of Statistics.

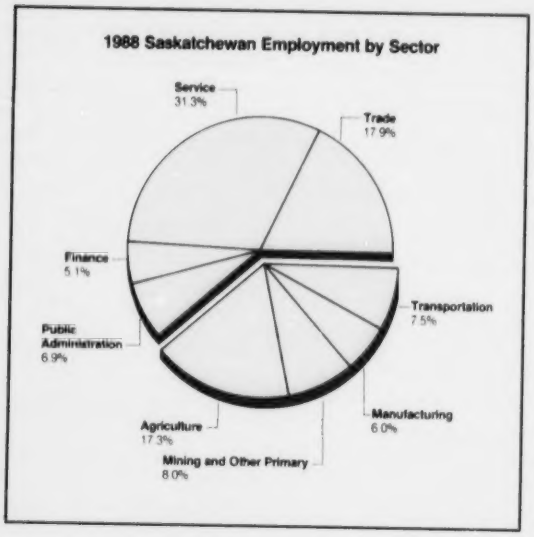
Crude Oil Statistics, Saskatchewan

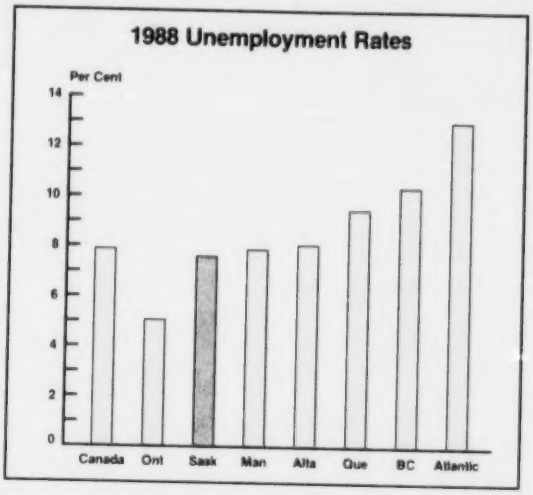
	1984	1985	1986	1987	1988*
Value of Land Sales - Millions of Dollars	124	149	18	60	35
Oil Field Expenditures - Millions of Dollars	739	1,013	215	305	289
Wells Drilled - Number **	2,970	3,851	1,079	1,602	2,082
Crude Oil Production - Millions of cubic metres					
Light Gravity	3.4	3.9	4.1	4.0	4.0
Medium Gravity	3.8	3.8	3.8	4.4	4.4
Heavy Gravity	3.6	3.8	3.7	3.7	3.6
Total	10.8	11.5	11.6	12.1	12.0

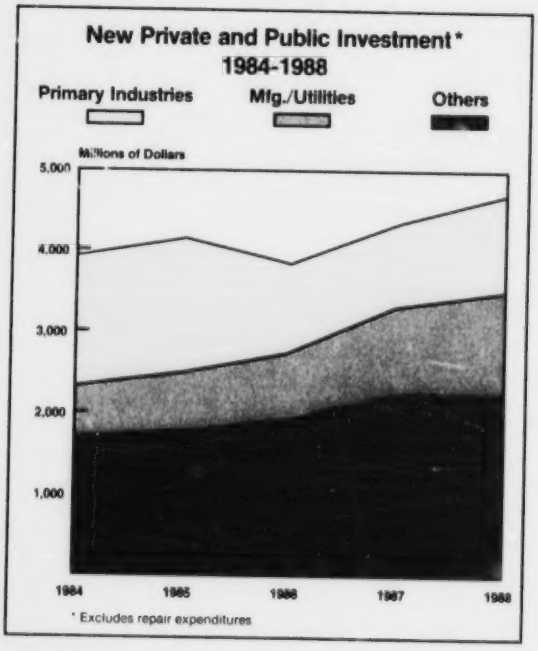
* Preliminary.
** Includes all drilling.

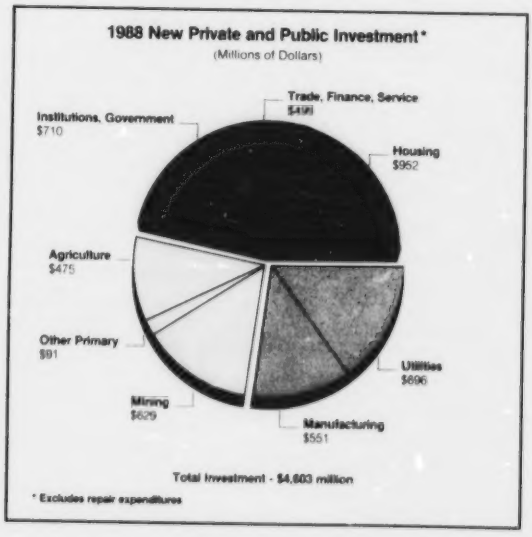
Note: Components may not add to totals due to rounding.

Source: Saskatchewan Energy and Mines.


1988 Saskatchewan Employment by Sector
Service
31.3%
Trade
17.9%
Finance
5.1%
Transportation
7.5%
Public
Administration
6.9%
Manufacturing
6.0%
Agriculture
17.3%
Mining and Other Primary
8.0%


1988 Unemployment Rates
Per Cent
14
12
10
8
6
4
2
0
Canada
Ont
Sask
Man
Alta
Que
BC
Atlantic


New Private and Public Investment *
1984-1988
Primary Industries
Mfg./Utilities
Others
Millions of Dollars
5,000
4,000
3,000
2,000
1,000
1984
1985
1986
1987
1988
* Excludes repair expenditures


1988 New Private and Public Investment *
(Millions of Dollars)
Trade, Finance, Service
$499
Institutions, Government
$710
Housing
$952
Agriculture
$475
Other Primary
$91
Utilities
$696
Mining
$629
Manufacturing
$551
Total Investment - $4,603 million
* Excludes repair expenditures

1989–90 Budget Papers

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1989–90 Saskatchewan Tax Initiatives

General Description

The 1989 Saskatchewan Budget contains a number of tax changes which will affect taxpayers in Saskatchewan. The purpose of this paper is to describe in more detail the tax changes announced in the Budget. Due to the summary nature of these descriptions, the reader is advised to contact the department responsible or consult the appropriate legislation for more precise information.

Personal Income Tax

Saskatchewan Tax Reduction

The Province currently reduces the provincial income tax of over 330,000 lower and middle income individuals and families through the application of the Saskatchewan Tax Reduction.

The Saskatchewan Tax Reduction has 4 components: the $200 Sales Tax Reduction, the $300 Spousal Tax Reduction, the $200 per Child Tax Reduction and the $200 per Senior Citizen Tax Reduction.

Effective for the 1989 taxation year, the Child Tax Reduction will be extended to include dependants who are 18 years old. This measure will make the definition of dependant for the purposes of the Saskatchewan Tax Reduction conform with the federal definition used in determining the federal tax credit for dependent children.

The cost of this measure is estimated at $250,000 for the 1989 taxation year.

For further information on the Saskatchewan Tax Reduction, please contact:

Saskatchewan Finance
Taxation and Economic Policy Division
6th Floor
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: (306) 787-6729

Hospitals Tax

To assist in financing health care in Saskatchewan, the Province is introducing the Hospitals Tax, effective July 1, 1989. The monies raised from this tax will be dedicated to hospitals.

The Hospitals Tax will apply to lotteries, bingos, casinos, raffles and breakopens, at a rate of 10 per cent.

The Hospitals Tax will generate an incremental $22.5 million in 1989–90. Consultations on the implementation of the Tax will occur with affected groups prior to the introduction of enabling legislation, to ensure that these groups will not be unduly affected.

For further information on the implementation of the Hospitals Tax, please contact:

The Saskatchewan Gaming Commission
2nd Floor
1855 Victoria Avenue
Regina, Saskatchewan
S4P 3V7

Telephone: (306) 787-5563

Rebatable Fuel Tax

Effective midnight Budget night, the rebatable fuel tax is increased from 7.0¢ to 10.0¢ per litre for gasoline, gasohol and diesel fuels.

The fuel tax paid by Saskatchewan individuals, including the fuel tax increase, will be eligible for the Fuel Tax Rebate Program. Farmers and primary producers of renewable resources will continue to be exempt from the fuel tax on their commercial purchases from bulk fuel dealers.

The tax rate levied on propane, aviation fuel and locomotive diesel fuel will remain at existing levels.

This tax initiative will result in additional revenues of $62.1 million in 1989–90 and $45.6 million in 1990–91.

For further information on the Fuel Tax, please contact:

Saskatchewan Finance
Revenue Division
3rd Floor
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: (306) 787-4600

Environment Tax

General

The Minister of Environment and Public Safety will introduce legislation to tax environmentally harmful products. The Minister will consult with individuals, industry and other interested groups prior to the introduction of enabling legislation.

Environmental Levy on Leaded Gasoline

As the first initiative under the Environment Tax, effective midnight Budget night, leaded gasoline will be subject to a 2.0¢ per litre non-rebatable environmental surcharge.

This measure recognizes the contribution of users of unleaded fuel to environmental protection and will reduce the use of leaded fuel before sales of this fuel terminate in December, 1990.

This tax initiative will result in additional revenues of $12.0 million in 1989-90.

Until such time as appropriate legislation is introduced, this surcharge will be collected under *The Fuel Tax Act.*

For further information on the Environment Tax, please contact:

Saskatchewan Environment and Public Safety
3085 Albert Street
Regina, Saskatchewan
S4S 0B1

Telephone: (306) 787-6113

Tobacco Tax

Effective midnight Budget night, the tax rates levied on tobacco products are increased.

For cigarettes, the tax rate is increased from $1.42 to $1.67 per package of 25 cigarettes.

For cut tobacco, the tax rate is increased from 2.3¢ to 2.7¢ per gram.

For cigars, the tax rates are increased as follows:

Retail Value	Previous Rate	New Rate
20¢ or less	16¢ per cigar	17¢ per cigar
21¢ - 40¢	32¢ per cigar	34¢ per cigar
41¢ - 60¢	48¢ per cigar	51¢ per cigar
More than 60¢	80% of retail value	85% of retail value

These changes will result in additional revenues of $16.0 million in 1989-90.

For further information on the Tobacco Tax, please contact:

Saskatchewan Finance
Revenue Division
3rd Floor
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: (306) 787-4600

Alcoholic Beverage Prices

Prices of alcoholic beverages will be increased to generate additional revenues of $5.0 million per year.

For further information on alcoholic beverage prices, please contact:

Saskatchewan Liquor Board
1660 Park Street
Regina, Saskatchewan
S4N 2G1

Telephone: (306) 787-4213

Saskatchewan's Economic Tax Credits

Introduction

Commencing in 1984, this Government introduced a number of Economic Tax Credits. The Venture Capital Program, the Stock Savings Program and the Labour-sponsored Venture Capital Program encourage provincial residents to invest in targeted provincial industries.

These Programs have proven effective in meeting industry's needs. The Government must ensure that these Programs are positioned to meet future challenges and opportunities.

Industry Consultation

As part of the operation of these Programs, the Government has consulted with those groups and individuals that are directly affected by the Economic Tax Credits. The Government has received advice from a great many organizations and individuals, including small business associations, organized labour and other residents who are actively involved in Saskatchewan's business development.

The advice received suggests that the Government must continue to seek greater effectiveness in its economic development strategy by ensuring that provincial initiatives, such as the Economic Tax Credits, support job creation and investment.

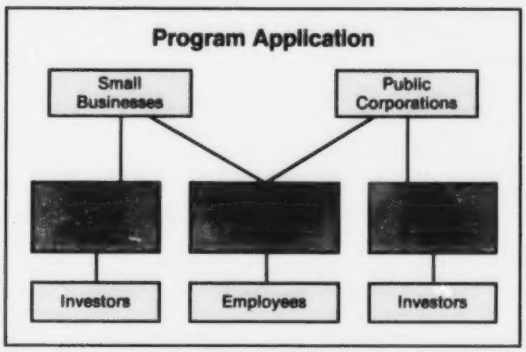
Economic Tax Credits

The Economic Tax Credits' primary objectives are to strengthen and diversify the Saskatchewan economy while fostering public participation.

Strengthening the Saskatchewan Economy

The Economic Tax Credits encourage the formation of capital by providing equity investment as an alternative to debt or internal financing. Each of these Credits is targeted to a different segment of Saskatchewan's business community:

- Venture Capital Program (VCP) - small private corporations engaged in manufacturing and processing, research and development, tourism and rural development;
- Stock Savings Program (SSP) - public corporations having less than $500 million in assets; and,
- Labour-sponsored Venture Capital Program (LVCP) - small and medium-sized private and public corporations, where the investment will protect, maintain or create jobs.



Fostering Public Participation

The Economic Tax Credits provide an opportunity for individuals to make equity investments in Saskatchewan business.

Each Tax Credit appeals to a different audience with each having a different set of investment criteria:

- VCP - investor interest directed as much by individual familiarity with the business as economic considerations such as investment security, liquidity and rate of return;
- SSP - broad investor interest directed primarily by investment security, liquidity and rate of return; and,
- LVCP - investor interest directed by organizational structure, either owner-managers and their employees (non-arm's length) or multi-project investment funds operated by labour associations (arm's length).

Venture Capital Program

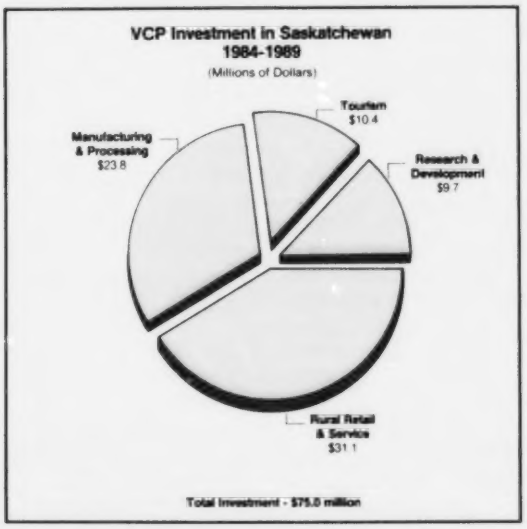
The VCP was introduced in 1984 as the Province's first tax-based equity incentive. It is intended to encourage provincial residents to invest in the equity of Saskatchewan small business.

The Program provides a 30 per cent provincial income tax credit to investors who acquire shares in registered venture capital corporations (VCCs). Such corporations are required to invest in eligible small businesses which operate principally in Saskatchewan within targeted industries.

Accomplishments

Since the Program's inception, more than 4,100 investors have participated in the VCP, with over $90 million in capital raised by 184 venture capital corporations. Over $75 million has been invested in eligible small businesses.

Funds raised under the VCP have been primarily directed at new business development and have supplemented the options of debt or internal financing. The targeted sectors have received substantial benefits from VCP investment.



Approximately 90 per cent of all VCP investors had prior knowledge of either the investment or the entrepreneur behind the investment before committing funds to the business. The Program has become an important tool in encouraging community involvement in business development, particularly in rural Saskatchewan.

Changes to the Venture Capital Program

The Program has raised a substantial amount of capital for investment in eligible small businesses. However, improvements can be made to the Program to ensure a more significant role in the provincial economy.

The following changes to the VCP are effective midnight March 30, 1989.

1. **Program administration will be improved by permitting direct investor ownership in the small business and by removing the 49 per cent ownership limit.**

   The original VCP design envisioned a number of broadly based, multi-project VCCs that would solicit investment from a broad spectrum of prospective investors and channel funds into a cross-section of eligible small businesses.

   As the Program has developed, multi-project VCCs have been joined by single-project, community-based VCCs. The latter corporations are generally created on behalf of small businesses to attract an alternate source of investment capital from investors who are familiar with the proposed investment or with the principals involved. This has fostered a unique investment opportunity that complements the Government's rural development strategy.

   To ensure that the Program is more attractive to small businesses and local investors, the Government will improve the VCP investment process. Investors will be given the opportunity to participate more fully in the decisions of the small business in which they invest. This will develop a greater degree of investor confidence and result in increased demand for VCP investments.

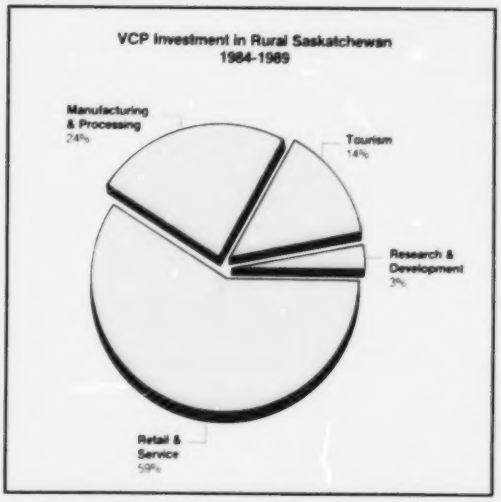
   Investors will be permitted to invest directly in the equity shares of small businesses. The requirement to create a single-project VCC will be removed to reduce the cost of raising equity for small businesses and to simplify the compliance effort for both the investor and the business. The traditional structure will remain for multi-project VCCs.

   The Government will also remove the minority share ownership provision which restricts VCP investment to a maximum of 49 per cent of the equity shares of an eligible small business. This provision restricted the ability of the small business to raise investment capital and presented

an opportunity for an inappropriate balance to exist between ownership and risk for the investor.

2. **Rural Development Corporations will qualify under the VCP.**

Approximately 55 per cent of the eligible small businesses in which VCCs have invested are in rural areas. This is attributable, in part, to the broader eligibility criteria which apply to small businesses operating outside the major centres.



The Government will extend its support for rural communities by permitting Rural Development Corporations to qualify as eligible small businesses under the VCP. These Corporations will still need to meet all other provisions of the Program, including the $5 million capital limit and the requirement that investment be at arm's length.

3. **Cash grants will replace tax credits.**

Provincial income tax credits to encourage VCP investment have resulted in a concentration of VCP issues at year-end. These issues, therefore, compete directly with other investment opportunities that are offered at "tax time", often resulting in a seasonal oversupply of investment opportunities.

For 1989 and subsequent years, the Government will replace tax credits earned from VCP investments with cash grants. The level of provincial assistance will remain at 30 per cent of the investment. This will permit businesses to access capital markets at the optimal point in their fiscal year, rather than being forced to wait until "tax time". Cash grants will encourage the development of more projects throughout the year.

4. **Expenditures will be limited to $4 million in 1989-90 and limits will be established for each of the prescribed sectors.**

Last year, the Government instituted a cap on the annual expenditure for the Program with fixed limits in each of the prescribed sectors of manufacturing and processing, research and development, tourism and rural development. This ensured a more precise alignment of Program expenditures with the Government's priorities.

For the 1988 taxation year, $4 million in VCP credits will have been earned by Saskatchewan residents. The Government will use that amount as its 1989 limit and repeat the policy of allocating these funds to prescribed sectors.

Stock Savings Program

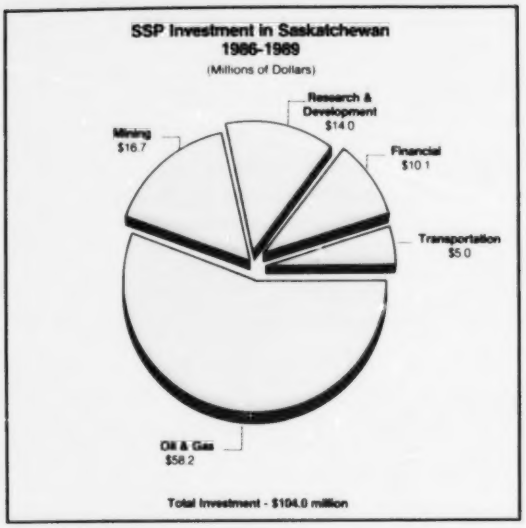
The SSP was introduced in 1986 to encourage provincial residents to make equity investments in Saskatchewan public companies and to improve the availability of capital to Saskatchewan business.

The Program provides a 30 per cent provincial tax credit, on an annual investment maximum of $10,000, to investors who acquire shares in eligible corporations. Stock Savings Plans must be administered by registered investment dealers and shares must be held in the Plans for a minimum of two years plus the year of investment.

Eligible corporations must pay at least 25 per cent of total salaries and wages to Saskatchewan employees and must not own or control more than $500 million in assets.

Accomplishments

More than 5,000 investors have participated in the SSP, with over $100 million in capital raised by Saskatchewan public corporations operating in a wide range of industries.



Changes to the Stock Savings Program

The Program has been successfully operated through the cooperation of Saskatchewan investment dealers. The SSP has the advantage of having both a professional sales force and a product which is relatively liquid. Improvements to the Program will ensure its ongoing contribution to Saskatchewan's economic development and diversification.

The following changes to the SSP are effective midnight March 30, 1989.

1. **The Program will be extended to June 30, 1991.**

   The Program has been effective at raising capital for Saskatchewan businesses and in encouraging provincial residents to make equity investments in Saskatchewan public corporations.

   The Government will, therefore, continue the SSP for an additional two years to June 30, 1991.

2. **Appropriate investor practices will be ensured.**

   To ensure that the SSP continues to be successful in raising capital for provincial industries, there must be a positive, reliable market for their securities.

   Certain SSP investors have undertaken the practice of purchasing SSP shares at year-end, holding them for as short a period as possible and then disposing of them. These investors then wait until the following year-end to purchase other qualifying SSP shares as replacements, in order to retain their tax credit. This process is repeated until investors have technically held qualifying shares for the minimum holding period necessary to earn the tax credit.

   The provisions of the SSP will be amended to ensure that investors hold the SSP shares for the full period of two taxation years plus the year of investment. Exchanging SSP shares as a means of maintaining investor accounts and earning the provincial tax credit will not be permitted.

3. **An annual maximum of $3,000 for SSP investments in mature corporations will be established.**

   SSP investors are typically attracted to investments in mature corporations because they generally offer greater security and a broader secondary market. Other corporations competing with mature corporations for investor interest have experienced difficulties in raising capital under the SSP.

   The Government will restrict the investment in mature corporations eligible for tax credits to $3,000 annually per investor. This will mean that investors will be eligible for an annual tax credit of up to $900 in mature corporations. Mature corporations will be defined as those having more than $50 million in assets.

   This limit will provide an incentive for greater investor interest in emerging and expanding companies, since larger investors must consider a wider range of SSP investments to earn the maximum provincial income tax credit.

   A tax credit limit for investments in mature corporations will continue to provide an incentive for investors to purchase the shares of mature Saskatchewan-based corporations. This is important to attract interest from small or first-time investors.

4. **The eligibility criteria will be reviewed.**

   The Program requires a review of the eligibility criteria to more clearly define prohibited investments and to specifically

address the eligibility of investment corporations. Before legislative amendments are introduced, the impact of investment corporations and investment in certain activities, such as real estate development, must be examined, not only with respect to their effect on the SSP, but also with respect to other Government initiatives and programs.

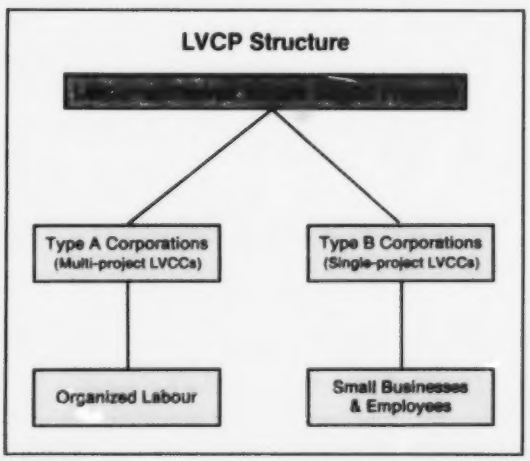
Discussions will continue with interested parties. Pending the outcome of these discussions, the Government will continue to restrict the eligibility of investment corporations and investment in certain activities.

Labour-sponsored Venture Capital Program

The LVCP was introduced to encourage Saskatchewan employees to make equity investments in Saskatchewan-based small and medium-sized businesses. The objectives of the Program are to create, maintain or protect jobs and to stimulate the provincial economy by providing an alternate source of financing for small and medium-sized businesses.

Under the Program, employees investing in the shares of registered labour-sponsored venture capital corporations (LVCCs) are eligible for both a provincial tax credit equal to 20 per cent of the amount of their investment and a similar 20 per cent federal tax credit.

Individuals resident and employed in Saskatchewan are eligible to invest in LVCCs. While there is no limit on the amount that may be invested, the federal and provincial tax credits will apply only to the first $3,500 invested in each taxation year.



The Program permits two types of LVCCs - Type A and Type B.

Type A corporations are multi-project LVCCs which are permitted to issue equity shares to any Saskatchewan employee. In similar plans in other provinces, labour unions have become involved as managers of this type of corporation. The equity raised by these corporations can be invested in a number of eligible businesses.

Type B corporations are single-project LVCCs which can only issue shares of their equity capital to employees of the business in which the corporation is investing or to employees of corporations associated with the eligible business. Type B corporations are required to invest primarily in equity shares of businesses in which their shareholders are employed and may purchase up to 100 per cent of the shares of those businesses.

Accomplishments

The Canadian Federation of Labour has proposed the creation of a national LVCC, Working Ventures, which will solicit investment from workers all across Canada and invest funds raised in small and medium-sized businesses. The Government of Saskatchewan has agreed to participate in encouraging the involvement of provincial residents through the sponsorship of Working Ventures under the LVCP.

The Government has also approved a Type B application from DirectWEST and is considering an application from Printco Graphics. These projects will facilitate the involvement of employees in the ownership of the business in which they work and will permit the creation of new employment and investment in Saskatchewan.

The Government expects that public interest in the LVCP will escalate in 1989 and that additional LVCCs will be registered to participate in both private sector and public participation initiatives.

Changes to the Labour-sponsored Venture Capital Program

Interest continues to grow in the LVCP. In discussions with interested parties, it has become clear that the Program could be strengthened.

1. **Program application for Type B corporations will be simplified.**

   Many employee groups considering the establishment of Type B corporations have expressed an interest in a simpler Program structure.

   The legislation currently requires that the employees of a business must form a labour association which, in turn, incorporates the LVCC. Many employees would prefer to invest directly in the eligible business.

   This issue will be reviewed by the Government in the coming months, with the Department of Economic Development and Tourism consulting with interested parties. Another important participant in these consultations will be the federal government, as it is a joint participant in the LVCP.

2. **Responsibility for program delivery involving Type A LVCCs will be assigned to the Department of Human Resources, Labour and Employment and responsibility for Type B LVCCs will be assigned to the Department of Economic Development and Tourism.**

   Greater certainty with respect to the administration of the LVCP and its application procedures will be achieved by assigning the Program to appropriate administrative agencies.

   Assignment of responsibility for Type A LVCCs to the Department of Human Resources, Labour and Employment will ensure the Program benefits from that Department's ties with organized labour. The assignment of Type B LVCCs to the Department of Economic Development and Tourism, which already delivers the VCP, will ensure that small business has a focal point for equity assistance.

Conclusion

Legislation prescribing the changes to the Economic Tax Credits will be presented to the Saskatchewan Legislature during the current session.

For further information, please contact:

Saskatchewan Finance
Taxation and Economic Policy Division
6th Floor
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: (306) 787-6731

1989 Saskatchewan Tax Expenditures

The Government of Saskatchewan's commodity, income and capital tax systems have a number of provisions which are designed to achieve a variety of important social and economic objectives.

These provisions, which afford preferential or special treatment to specified individuals and corporations, are generally referred to as "tax expenditures". Tax expenditures can be in the form of exemptions, deductions, preferential tax rates, credits, deferrals or omissions.

Tax expenditures provide assistance to a broad group of individuals and corporations, including families, farmers, senior citizens and small businesses.

Tax expenditures result in forgone or postponed revenue. Consequently, they have as significant an impact on the Province's budgetary position as direct expenditures.

The following tables are intended to inform the Legislative Assembly and the people of Saskatchewan about the major tax expenditures of benefit to Saskatchewan residents.

The tax expenditure estimates were calculated using tax collection data and Statistics Canada data. An income tax simulation model was employed for the individual income tax measures.

It should be noted that the incremental tax expenditures pertaining to the new fuel tax rates are only partial year expenditures, beginning March 31, whereas the other expenditures are based upon a full year effect.

Government of Saskatchewan
1989 Tax Expenditure Accounts
(Value of Tax Expenditures in Millions of Dollars)

Sales Taxes

Exemptions	
1. Clothing, footwear and yard goods	$ 41.2
2. Children's clothing and footwear	6.0
3. Construction services	161.9
4. Drugs and medicines	13.3
5. Electricity - residences, farms and recreation facilities	11.5
6. Farm machinery and repair parts	40.3
7. Fertilizer, pesticide and seed	40.8
8. Food	127.9
9. Personal services	25.5
10. Reading materials	7.2
11. Services for repairs to personal property	21.8
12. Used goods	16.1
13. Natural gas	21.4

Fuel Tax

1. Exemption for farm activity	$ 82.9
2. Exemption for primary producers	0.9
3. Rebate to individuals	67.9
4. Exemption for heating fuels	8.8

Individual Income Tax

Deductions from Income	
1. Allowable employment expenses	$ 6.8
2. Annual union, professional or like dues	5.2
3. Registered Pension Plan contributions	18.0
4. Registered Retirement Savings Plan contributions	42.3
5. Moving expenses	1.6
6. Carrying charges	6.4
7. Child care expenses	1.1
8. Capital gains deduction	27.1
Personal Tax Credits	
1. Basic Personal Tax Credit	$248.5
2. Spousal Tax Credit	30.7
3. Dependent Children Tax Credit	8.3
4. Age Tax Credit	22.5
Other Tax Credits	
1. Canada Pension Plan Contributions Tax Credit	$ 11.2
2. Unemployment Insurance Premiums Tax Credit	11.1
3. Pension Income Tax Credit	2.5
4. Charitable Contributions Tax Credit	14.9
5. Medical Expenses Tax Credit	2.2
6. Tuition and Education Tax Credits	2.0

Provincial Tax Measures

1. Saskatchewan Tax Reduction	
- $200 Sales Tax Reduction	$ 30.5
- $300 Spousal Tax Reduction	7.2
- $200 per Dependent Child Tax Reduction	13.1
- $200 per Senior Citizen Tax Reduction	3.8
2. Saskatchewan Tax Incentives Program	
- Livestock Investment Tax Credit	8.5
- Livestock Facilities Tax Credit	3.0
- Stock Savings Tax Credit	3.0
- Labour-sponsored Venture Capital Tax Credit	2.0

Corporation Income Tax

1. Lower tax rate for small business	$ 21.5
2. Tax holiday for new small business corporations	1.5
3. Saskatchewan Royalty Tax Rebate	7.0

Corporation Capital Tax

1. General exemption of $10,000,000	$ 21.0
2. Exemption for co-operatives, credit unions, family farm corporations and insurance companies	6.3

For further information on Saskatchewan's Tax Expenditures, please contact:

Saskatchewan Finance
Taxation and Economic Policy Division
6th Floor
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

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1989 Interprovincial Comparison of Personal Taxes and Charges

The following tables show the personal taxes and charges that a family of two adults and two children would pay across the country at income levels of $20,000, $40,000 and $60,000.

The interprovincial comparison that these tables present demonstrates that Saskatchewan maintains a favourable standing in relation to the other provinces for combined taxes and charges.

At the $20,000 and $40,000 income levels, the Saskatchewan family enjoys the second lowest personal taxes and charges in the country. At the $60,000 income level, Saskatchewan's taxes and charges are the third lowest in Canada.

Saskatchewan's favourable standing can be attributed to a combination of very competitive charges for car insurance, telephone, home heating and electricity and lower than average provincial taxes. Saskatchewan does not impose health care premiums. The Province maintains a progressive income tax system and permits a wide variety of exemptions from the Education and Health Tax, including food and prepared meals, labour charges, home heating, electricity expenses and most clothing purchases.

TABLE 1: For a Taxpayer with Total Income of $20,000 per annum

	British Columbia	Alberta	**Sask-atchewan**	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New-foundland
Provincial Income Tax	$ 648	$ 598	**$ 630**	$ 580	$ 655	$ 0	$ 755	$ 711	$ 718	$ 755
Tax Credits and Rebates	(380)	–	–	(355)	(30)	(192)	–	–	–	–
Health Premiums	696	432	–	–	714	–	–	–	–	–
Retail Sales Tax	346	–	**367**	541	611	497	647	606	519	912
Gasoline Tax	210	135	–	216	251	389	267	221	224	251
Total Taxes	$1,520	$1,165	**$ 997**	$ 982	$2,201	$ 694	$1,669	$1,538	$1,461	$1,918
Car Insurance	$ 945	$ 698	**$ 583**	$ 604	$1,184	$ 810	$ 584	$ 714	$ 707	$ 774
Telephone	175	111	**106**	109	158	146	136	157	151	143
Home Heating	687	517	**611**	697	920	1,154	1,231	1,162	1,280	1,276
Electricity	445	390	**552**	371	494	369	532	562	637	553
Total Charges	$2,252	$1,716	**$1,852**	$1,781	$2,756	$2,479	$2,483	$2,595	$2,775	$2,746
Total	$3,772	$2,881	**$2,849**	$2,763	$4,957	$3,173	$4,152	$4,133	$4,236	$4,664

TABLE 2: For a Taxpayer with Total Income of $40,000 per annum

	British Columbia	Alberta	**Sask-atchewan**	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New-foundland
Provincial Income Tax	$2,932	$2,847	**$3,646**	$3,824	$2,960	$3,796	$3,415	$3,216	$3,245	$3,415
Tax Credits and Rebates	(380)	–	–	(325)	–	–	–	–	–	–
Health Premiums	696	432	–	–	714	–	–	–	–	–
Retail Sales Tax	518	–	**541**	825	893	795	995	923	782	1,354
Gasoline Tax	210	135	–	216	251	389	267	221	224	251
Total Taxes	$3,976	$3,414	**$4,187**	$4,540	$4,818	$4,980	$4,677	$4,360	$4,251	$5,020
Car Insurance	$ 945	$ 698	**$ 583**	$ 604	$1,184	$ 810	$ 584	$ 714	$ 707	$ 774
Telephone	175	111	**106**	109	158	146	136	157	151	143
Home Heating	687	517	**611**	697	920	1,154	1,231	1,162	1,280	1,276
Electricity	445	390	**552**	371	494	369	532	562	637	553
Total Charges	$2,252	$1,716	**$1,852**	$1,781	$2,756	$2,479	$2,483	$2,595	$2,775	$2,746
Total	$6,228	$5,130	**$6,039**	$6,321	$7,574	$7,459	$7,160	$6,955	$7,026	$7,766

TABLE 3: For a Taxpayer with Total Income of $60,000 per annum

	British Columbia	Alberta	**Sask-atchewan**	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New-foundland
Provincial Income Tax	$5,678	$5,557	**$7,039**	$ 7,604	$ 5,734	$ 7,990	$ 6,616	$ 6,230	$ 6,285	$ 6,616
Tax Credits and Rebates	(380)	-	-	(325)	-	-	-	-	-	-
Health Premiums	696	432	-	-	714	-	-	-	-	-
Retail Sales Tax	844	-	**878**	1,295	1,481	1,178	1,501	1,432	1,212	2,212
Gasoline Tax	210	135	-	216	251	389	267	221	224	251
Total Taxes	$7,048	$6,124	**$7,917**	$ 8,790	$ 8,180	$ 9,557	$ 8,384	$ 7,883	$ 7,721	$ 9,079
Car Insurance	$ 945	$ 698	**$ 583**	$ 604	$ 1,184	$ 810	$ 584	$ 714	$ 707	$ 774
Telephone	175	111	**106**	109	158	146	136	157	151	143
Home Heating	687	517	**611**	697	920	1,154	1,231	1,162	1,280	1,276
Electricity	445	390	**552**	371	494	369	532	562	637	553
Total Charges	$2,252	$1,716	**$1,852**	$ 1,781	$ 2,756	$ 2,479	$ 2,483	$ 2,595	$ 2,775	$ 2,746
Total	$9,300	$7,840	**$9,769**	$10,571	$10,936	$12,036	$10,867	$10,478	$10,496	$11,825

NOTES.

The income taxes for each province are calculated using known changes for 1989. The tables are based upon a taxpayer claiming a spouse and two children (one child aged 6 or under and one child aged 12-15). Total income includes earned income and family allowance payments (at 1989 rates). Earned income in Quebec and Alberta has been adjusted to compensate for the different family allowance payments in those provinces. In addition to personal exemptions, CPP/QPP and UI contributions, calculated at 1989 rates, are deducted in computing tax. Gross Quebec personal income tax has been reduced by 16.5% of basic federal tax in respect of contracting out of certain federal-provincial programs. Provision is made in the calculation for provincial tax reductions, where applicable.

Tax credits and rebates refer to refundable provincial income tax credits and rebates designed to reduce the burden of property taxes, retail sales tax and provincial income tax. The taxpayer is assumed to own a home upon which $1,000 in property taxes are paid in 1989.

Health premiums are annual family premiums for hospital insurance and medical services. No provision is made for employer subsidization of these premiums.

Retail sales tax is based upon average expenditures for a Prairie family of four at the identified gross family income levels from **Survey of Family Expenditures in 1986** (Statistics Canada micro data file). This is the first year that the 1986 micro data file has been available and its use is, in effect, a change in methodology. The expenditures have been adjusted to reflect Saskatchewan consumption patterns. The sales tax base in each province was identified from the various provincial Acts. On this basis, estimates of total taxable family expenditures in each province were prepared.

Gasoline tax is based on an annual consumption of 2,700 litres of unleaded gasoline.

The following cities were surveyed for the remaining charges: Vancouver, Calgary, Regina, Winnipeg, Toronto, Montreal, Saint John, Halifax, Charlottetown and St. John's. All rates are as at February, 1989, unless otherwise indicated.

Car insurance premiums are based on the rate for a married male, over 30 years of age, driving a 1985 Chevrolet Caprice Classic. Coverage includes $500,000 third party liability, $250 deductible collision (Saskatchewan $200, British Columbia $300) and $50 deductible comprehensive (Manitoba $250). Rates are as at March 1, 1989.

The telephone charge is for the main telephone in an individual residence. Rates include applicable municipal taxes and surcharges, but do not include provincial retail sales tax.

Home heating charges are based on an annual consumption of 150 mcf of natural gas. For the Atlantic Provinces, the figures represent the BTU equivalent consumption of fuel oil. Rates include applicable municipal taxes and surcharges, but do not include provincial retail sales tax.

Charges for electricity are based on an annual consumption of 7,200 kWh. Rates include applicable municipal taxes and surcharges, but do not include provincial retail sales tax.

1989-90 Capital Financing Program

Under the direction of the Minister of Finance, Saskatchewan's Capital Financing Program involves the raising of funds, through the issue and sale of Province of Saskatchewan securities, to assist in the financing of Crown corporation capital budgets, as well as for general government purposes. As indicated below, the 1989-90 Capital Financing Program is estimated at $1,097.7 million of which $689.9 million is for Crown corporations and $407.8 million is for Government purposes. The estimated 1989-90 Program is $83.3 million less than the Budget estimate of $1,181.0 million for 1988-89.

With respect to financing sources, it is estimated that $100.0 million will be available to the Province in 1989-90 from the Canada Pension Plan Investment Fund. Consequently, $997.7 million will have to be raised in various capital markets to complete the 1989-90 Capital Financing Program.

While the Canadian domestic capital market has been and will continue to be the primary source of capital for the Government, a strategy of positioning the Province in all major international markets has been adopted in recognition of the global financial marketplace. The capital markets of Europe, the United States and Japan have become important sources of financing for the Province.

The estimated Capital Financing Program together with a $721.6 million estimated debt redemption for 1989-90 will result in an increase in gross debt of the Province of $376.1 million to $11,155.7 million at March 31, 1990. Approximately 64 per cent of the Province's gross debt has been incurred for the purpose of Crown corporations such as Saskatchewan Power Corporation and Saskatchewan Telecommunications. These enterprises are responsible for the repayment of principal and interest.

Province of Saskatchewan
Capital Financing Program
Estimated Application and Sources of Borrowing Requirement

For the Year Ending March 31, 1990

	Amount (Thousands of Dollars)
Estimated Application of Borrowing Requirement	
Crown Corporations	
Crown Investments Corporation of Saskatchewan	$ 176,000
Municipal Financing Corporation of Saskatchewan	50,000
Saskatchewan Economic Development Corporation	36,200
Saskatchewan Power Corporation	180,000
Saskatchewan Property Management Corporation	180,750
Saskatchewan Water Corporation	66,900
Total Crown Corporations	$ 689,850
Government	
Budgetary Deficit	$ 226,060
Debt Repayment	181,753
Total Government	$ 407,813
Total	$ 1,097,663
Estimated Sources of Borrowing Requirement	
Canada Pension Plan Investment Fund	$ 100,000
Capital Markets	997,663
Total	$ 1,097,663